FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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U.S. moves to prise Iraq from Soviet grip, Page 4

NEWS SUMMARY

GENERAL

British diplomat shot in Bombay

Indian police were hunting for two foreigners believed to be responsible for the assassination of Britain's diplomatic representative in Bombay.

Mr Percy Norris, Deputy High Commissioner, was shot in the heart and head as he was driven to his office in the crowded commercial centre of Bombay.

There was speculation that the assassination might be linked with Sikh unrest in India and with the activities of Sikh extremists in the UK. Page 4

Gibraltar move

Britain and Spain agreed to hold negotiations on the future of Gibraltar, including the question of sovereignty, and to open the border between Spain and the British colony closed in 1969. Page 10

Hijack ends

Three Somali hijackers surrendered in Ethiopia and freed 108 people held hostage for three days, after they won a reprieve for seven Somali youths facing death sentences for activities against the state.

Israeli bomb raids

Israeli forces bombed Palestinian bases in the Bekaa valley, Lebanon, for the first time in 11 weeks and mounted a tough security programme in the occupied south.

Beagle treaty

Argentina and Chile will sign a treaty in the Vatican on Thursday to settle their 100-year old border dispute over the Beagle Channel.

Bogota attack

A bomb attack on the U.S. embassy in Bogota which killed one person and injured five could mark the start of a violent campaign against U.S. interests by Colombian drug traffickers. Page 7

Plot foiled

Rome police said they had foiled a bomb attack on the U.S. embassy and arrested seven Lebanese who described themselves as supporters of Iranian leader Ayatollah Khomeini.

Romania expels 4

The Romanian Government ordered the expulsion of four members of West Germany's embassy staff in Bucharest in retaliation for the expulsion of five Romanian diplomats from Bonn last month.

Chile explosions

Several bombs exploded in Santiago, including one near the presidential palace, on the eve of two days of protests against President Pinochet's military Government. Page 7

Philippines march

More than 10,000 people marched through Manila to mark the 52nd anniversary of the birth of opposition leader Benigno Aquino.

Lisbon pact talks

Portugal's ruling coalition parties, the Socialists and Social Democrats, whose partnership has been under stress, launched a radical review of their pact. Page 2

S. African arrests

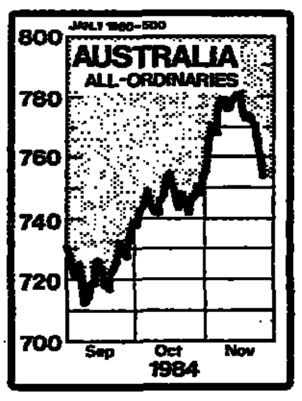
South African police arrested four people who sang "Happy Birthday" outside the UK consulate in Durban to one of the three dissidents sheltering there.

BUSINESS

French steel group cuts jobs

ASCOMETAL, France's state-owned engineering steels group, plans to cut its workforce by over 4,000, more than a third, in an effort to stem its losses. Page 16

WALL STREET: at 2pm the Dow Jones industrial average was up 1.21 at 1,213.56. Section III



AUSTRALIA: Share prices fell sharply on the Sydney Stock Exchange and the All Ordinaries Index suffered its biggest one-day decline since June, to 752.7 from 765.6. The fall was attributed to weak bullion prices in New York and the drop on Wall Street. Section III

DOLLAR eased in London to DM 3.0560 (DM 3.0610), FFr 9.3550 (FFr 9.3750), SwFr 2.5230 (SwFr 2.5240) and Y245.4 (Y246.1). On Bank of England figures its trade-weighted index slipped to 141.7 (141.9). Page 35

STERLING rose ¾ cent in London to $1.2085, also firming to DM 3.6925 (DM 3.6775), FFr 11.30 (FFr 11.26), SwFr 3.0475 (SwFr 3.03) and Y296.5 (Y295.5). Its exchange rate index rose to 74.8 (74.2). Page 35

GOLD fell $3.25 in London to $333.75. In Frankfurt and Zurich it finished at $333.25. Page 34

TOKYO shares picked up from the easier trend seen in the early part of the session, taking the Nikkei-Dow market average 21.16 higher at 11,184.12. Section III

LONDON equities encountered selective institutional support after a virtual absence of sellers, and the FT Industrial Ordinary index added 3.2 to an all-time high of 925.3. Gilts regained part of their early losses. Section III

Two changes are to be made in the make-up of the FT Industrial Ordinary Share Index from next Tuesday. British Telecom will join the list of 30 shares, along with National Westminster – the first financial group to be included in the index. They will take the place of Bowater and TI Group. Reflecting these changes, the measure will be renamed the FT Ordinary Share Index. Feature, Page 14

THE PHILIPPINES is to launch a whirlwind syndication of a new money loan totalling $925m from commercial bank creditors at the end of this week with banks asked to provide their commitments in only ten days. Page 16

CHEVRON CORPORATION and Texaco announced that two of their subsidiaries have signed a contract with Pertamina, the Indonesian national oil company, to seek and develop geothermal resources in the Darajat area of West Java.

INTASUN LEISURE, Britain's second largest tour operator, launched a £44m ($52.8m) bid for Comfort Hotels. Comfort, meanwhile, launched its own agreed bid for a UK hotels group. Page 16

HYDRO-QUEBEC, Canada's largest power producer and a heavy borrower on international capital markets, suffered a C$123m (U.S.$93.1m) loss in the third quarter because of sharply higher interest and depreciation costs. Page 17

U.S. plan for tax reform would hit large companies

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

THE U.S. Treasury's long-awaited plan to simplify the American tax system would lower both corporate and individual tax rates, but increase the overall burden on many big companies by eliminating or reducing permitted deductions, Administration officials said yesterday.

The proposals, the result of a year-long study, were presented to President Ronald Reagan's full Cabinet yesterday and were later to be publicly unveiled by Mr Donald Regan, the Treasury Secretary.

The aim of the proposals, at the President's request, is to be "revenue neutral" meaning that they would not increase the total tax take or directly affect the federal budget deficit.

The Treasury's tax plan proposes a "modified flat tax", the concept of which Mr Reagan has already generally approved, under which the number of personal income tax brackets would be reduced from 16 to three and corporation tax lowered from 46 to 33 per cent.

Personal income tax rates would be set at 15, 25 and 35 per cent, compared with the current spread of 11 to 50 per cent. With fewer deductions, however, individuals would have to pay tax on a larger portion of their income.

Administration officials said that the net result would be an average reduction of 8.5 per cent in individual tax payments, with the middle classes gaining the most and the very rich paying considerably more. There would be a cut, or no increase, in taxes for 80 per cent of American households, officials said.

Changes in corporate tax breaks, on the other hand, would lead to an overall increase in taxes paid by large corporations, particuarly those engaged in heavy industry. Because of special deductions, the effective corporate tax rate is currently much lower than the official rate of 46 per cent – perhaps as little as 16 per cent, according to one congressional study.

The two largest corporate tax breaks – investment tax credit and the rapid depreciation provisions of Mr Reagan's 1981 business tax reforms – would be repealed or replaced, the officials said. The two deductions, mainly benefiting companies investing heavily in plant, machinery and real estate, are currently costing the Government about $50bn a year in lost revenue.

Mr Regan is understood to believe that it is unfair to give such incentives to "smokestack" industries when they are not available to service industries.

For individuals, tax deductions for interest payments on mortgages would be retained, at least for a principal residence, but all other deductions for interest payments would be disallowed above a certain ceiling. The rules would also be changed for deducting state and local taxes, and contributions to charity, and some fringe benefits paid by employers would be counted, at least in part, for tax purposes.

The White House said that President Reagan would allow time for public reaction to the proposals before making final decisions, and might in the end endorse a somewhat different plan from that recommended by the Treasury. The proposals are bound to run into a storm of opposition from special interest groups and the businesses most seriously affected.

Continued on Page 16

Bayer expects record profits after 62% boost in nine months

BY JOHN DAVIES IN FRANKFURT

BAYER, the West German chemicals and pharmaceuticals concern, expects record profits this year after a 62 per cent rise in its group pre-tax earnings to DM 2.2bn ($719m) in the first nine months of 1984.

Herr Hermann Josef Strenger, who took over recently as chief executive, hinted that Bayer might increase its dividend from the DM 7 payout per DM 50 nominal share on last year's results.

He said shareholders should and would participate in the company's favourable business development. "But don't ask me how much," he said, referring to the dividend, although he went on to rule out a double-digit payout and stressed the need to build up financial reserves.

Like BASF and Hoechst, the other big West German chemicals groups, Bayer has been benefiting from economic recorvery, the strong U.S. dollar and a restructuring to deal with problem areas.

BASF recently announced group pre-tax profits of DM 1.84bn, up 75.6 per cent, for the first nine months of this year. Hoechst showed a 60 per cent increase in its group pre-tax earnings to DM 2.12bn.

Herr Strenger said that Bayer's sales in North America, mainly the U.S., would exceed those in West Germany this year for the first time. North American sales were up 29.1 per cent to DM 7.8bn in the first nine months of the year and would probably exceed $3bn or DM 9bn in the whole year, with profits reaching about DM 600m, he said.

There were no plans for Bayer to bring its U.S. subsidiaries to the stock market, however, or to give Bayer shareholders a direct stake in the U.S. subsidiaries, he said.

Partly for tax reasons, Bayer would continue to use profits from its foreign subsidiaries to build up the group's financial strength, while paying an "appropriate" dividend from the parent company's activities.

Bayer lifted its group worldwide sales revenue to DM 32.4bn in the first nine months of this year, 17.1 per cent ahead of the same period last year.

The parent company, based in Leverkusen, lifted sales 13.1 per cent to DM 12.4bn, with pre-tax profit 31.2 per cent ahead at DM 980m.

Herr Strenger said Bayer retained its commitment to its Leverkusen base but foreign business was becoming increasingly important. The group had 79 per cent of its sales revenue from abroad in the first nine months of this year.

He said that Bayer's profit increase simply meant that it had regained the yield on capital and sales of the early 1970s. The company was aiming at a sustained improvement in its profitability and would take a hard look at weak spots.

Bayer's financial position was being carefully controlled and costs were under continuing scrutiny, Herr Strenger said. With sales, earnings and liquidity all improved, Bayer was able to reduce its short-term borrowing and the parent company would show positive interest rate earnings this year for the first time since the second world war.

Agfa-Gevaert, Bayer's photographic supply subsidiary, would almost treble its pre-tax profits this year to about DM 600m. The "problem child" of previous years had developed into a thriving business, he said.

Even so, the recent decision to abandon plans to operate a newly-built anthraquinone plant at Schelde Chemie – which is jointly owned by Bayer and Ciba-Geigy of Switzerland – would mean write-offs and operating losses of DM 350m for Bayer this year, he said. The plant, which was to produce materials used in making dyestuffs, had insuperable technical problems.

Herr Strenger said that Bayer's group sales revenue should reach about DM 42bn this year.

U.S. set to suspend imports after rejecting EEC pipe pact

BY NANCY DUNNE IN WASHINGTON

THE U.S. yesterday rejected a proposed bilateral pact on EEC steel pipe and tube exports and said it would suspend all imports from tomorrow until the end of the year.

The announcement came a day after Mr Bill Brock, the U.S. Trade Representative, and Mr Malcolm Baldrige, the Commerce Secretary, met U.S. steel producers to hear their assessment of a problem which would have limited EEC pipe and tube exports to 7.6 per cent of the U.S. market. The meeting was described as "stormy."

EEC shipments account for about 14.9 per cent of the U.S. market this year. In a 1982 informal exchange of letters, EEC officials implied that they would try to keep European penetration at 5.9 per cent.

In Washington, the Community was expected to announce cancellation of the informal pact, a move which could make the U.S. 5.9 per cent quota illegal under the General Agreement on Tariffs and Trade (Gatt). Its legality may also be questionable under U.S. law.

The Commerce Department has said it is operating under the 1984 Trade Act which made voluntary restraint agreements legally enforceable. By annulling voluntary restraint agreement, the Community may remove the legitimate basis for the U.S. suspension of imports.

Unless U.S. and EEC officials can find some last-minute approach for putting the negotiations back on track, the embargo will go into effect tomorrow. EEC pipe and tube shipments arriving in U.S. ports will not be turned back to exporting countries but can go into customs-bonded warehouses, for withdrawal and formal entry into the U.S. market after December 31.

Mr Baldrige was reported to have discussed the U.S. decision yesterday with M Etienne Davignon, EEC Commissioner, by telephone.

Imports from the EEC will be limited to 566,636 net tonnes next year if the unilateral U.S. action holds.

EEC-Spain steel talks, Page 3; Gatt attack on U.S., Page 6

Chase prime cut brings rate level split

BY WILLIAM HALL IN NEW YORK

CHASE MANHATTAN, the third biggest bank in the U.S. cut its prime lending rate by half a percentage point to 11¼ per cent yesterday, leapfrogging some of its rivals which had lowered their prime rates to 11½ per cent on Monday.

Chase's move, announced early yesterday morning, was not immediately followed by other leading U.S. banks. Money market analysts continue to forecast further falls in U.S. prime rates and say they expect to see differing rates for the next few days until the banking community decides on the general level of the key lending rate.

Several smaller regional banks yesterday followed Citibank, First Chicago and Mellon and posted 11½ per cent prime lending rates. Most of the U.S. money centre banks held their prime rates at 11.75 per cent yesterday but analysts believe they will move shortly.

Mr Philip Braverman, chief economist of Briggs, Schaedle & Company, said yesterday there was nothing unusual about the current split in prime rates. He said that on the basis of current money market rates, U.S. bank prime lending rates "belong at 11 per cent or lower."

He said: "It always takes time for prime rates to move down to the level where they should be." The banks are under pressure from the industry's regulators to boost their capital ratios and they are taking advantage of wider margins between their cost of funds and prime lending rates to temporarily boost profitability, Mr Braverman suggested. He said he was confident, however, that the prime rate would have dropped to 11 per cent before the end of the year.

Chase Manhattan said yesterday that its cost of funds had validated its decision to cut its prime rate by a half percentage point. In the money markets, short-term interest rates eased further yesterday with three month Treasury bills dropping to 8.35. In the bond markets, however, prices lost ground with the bellwether Treasury 11⅝ per cent, due 2014, falling nearly a quarter of point to 103¹⁄₃₂ by midday yesterday.

In the foreign exchange markets the U.S. currency drifted lower in early New York trading, but dealers did not attribute this to Chase's decision to cut its prime rate.

On Wall Street, share prices continued to decline yesterday morning in sluggish trading.

Labour attacks foreign investors, Page 9; FT index keeps pace with market change, Page 14

Bonn on course for record trade year

BY RUPERT CORNWELL IN BONN

WEST GERMANY yesterday reported a record monthly trade surplus of DM 8.8bn ($2.8bn) for October – further proof of how a relatively weak D-Mark has increased the competitiveness of the country's industry.

The October surplus more than doubled that of the same month in 1983. It brings the cumulative surplus this year to almost DM 41bn, and suggests that the previous record for a whole year, DM 51.3bn in 1982, could be exceeded in 1984.

The trade performance has had a real impact on West Germany's current account. After hovering around balance for the first nine months, it showed a surplus of DM 6.5bn in October.

There has, in turn, been a dramatic improvement in the chances that this year will produce an overall current account surplus near the DM 10bn which the Government had originally been forecasting.

Part of the exceptional surge in exports in October to DM 57.9bn may be because of the catching up on deliveries delayed by the protracted strike in the engineering industry in early summer.

The main explanation, however, is generally thought to be the sustained strength of the dollar. This has led to a 50 per cent jump in West German exports to the U.S. and held the D-Mark artificially low against the currencies of Bonn's principal trading rivals within the European Community.

Most analysts believe that foreign demand will be a less influential factor in domestic growth in 1985. Yesterday's news from the

Continued on Page 16

Bonn refuses to sign Law of Sea convention, Page 3

Brussels close to pact on EMS package

By Philip Stephens in London

EUROPEAN Community governments are close to agreement on a package of measures to strengthen the European Monetary System, and today the EC Commission intends to finalise formal proposals to implement them.

The measures, which won the approval of nine member states at a meeting of the Community's monetary committee last week, fall short of the significant step towards monetary union which some governments had hoped it would provide.

That has led Belgium to oppose the plan as insufficiently ambitious and means that its adoption at a meeting of Community finance ministers next month is still uncertain.

The European Commission is also conscious that progress since negotiations between governments first got under way in the spring has been below its expectations.

It will therefore stress that further agreements are needed to boost the official and private use of the system's embryonic currency – the European Currency Unit.

The Commission is also expected to warn the four countries which currently operate exchange controls – Italy, France, Ireland and, to a lesser extent, Denmark – that it will be looking for concrete measures to dismantle them.

Community officials believe that the Commission has the authority under the Treaty of Rome to impose its own decisions on exchange controls if governments ignore its exhortations.

The draft agreement drawn up in the monetary committee focuses on enhancing the official role of the Ecu – that is its use between central banks. The proposals are:

- The interest rate paid on central bank holdings of Ecus should be more closely aligned to money market rates. At present it is artificially depressed by being linked to official discount rates.
- The convertability of the Ecu into other currencies should be improved by allowing central banks to swap their Ecus with the European Monetary Fund for dollars.
- Central banks outside the European Community will be allowed to hold Ecus as part of their official reserves.

These agreements have been coupled with a commitment by member states to a greater convergence of their monetary and economic policies.

The Commission is to be given greater authority to monitor poli-

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EUROPEAN NEWS

Diana Smith in Lisbon reports on worries about the country's nationalised industries and trade performance

Political impasse holds up economic progress in Portugal

DISPUTES between Portugal's Socialist Party and Social Democrat Party (PSD), uneasy partners in the 18 month-old ruling coalition, are worrying Portugal's financial authorities.

Friction caused by premature wrangling over strategy for the presidential elections, not due until late 1985, has led to a slackening in government economic action. It is felt that unless the political impasse ends rapidly, this year's strong improvement in the external accounts could falter.

Decisions on the size and structure of overscaled, financially-burdened public enterprises, and on legislation affecting banking and investment incentives should have been taken months ago. But tension between the two ruling parties—each of which blames the other for lack of forceful economic action—has again made the fragile economy vulnerable to fractious party politics.

Although the situation has not reached the disarray of late 1982 when bickering in the former ruling alliance between the PSD and Christian Democrats gravely hurt Portugal's creditworthiness, a recurrence of PSD pressures and quarrels is causing some concern.

Thanks to ruthless economic cooling from late 1983 and throughout 1984—too ruthless for some economists because it bred soaring unemployment and a 10 per cent drop in buying power for Europe's lowest-paid workers—Portugal made an impressive turnabout in its external accounts. This pleased the International Monetary Fund (IMF), whose tough $380m standby agreement with the Soares administration winds up next February.

The IMF is less pleased with persistent public overspending and the halfhearted correction in 1984 after an energetic start in 1983 of heavy subsidising of commodity prices at controversial cost to the taxpayer and treasury. The October 1983 agreement with the IMF promised drastic reduction of the weight and deficits of the funds paying the subsidies. But subsidy cuts require a confident political stance.

Slack private consumption and healthy growth of exports, tourism and emigrant remittances reduced the balance of payments deficit on the current accounts by the end of August this year to $504m—less than half deficit of $1,34bn recorded in August, 1983.

Sluggish imports and strong export growth produced a visible trade deficit in August, 1984, of $1.56bn, against an August, 1983, deficit of $2.32bn, with notable dynamism in footwear, textile and clothing that benefited from the recovery in their traditional European markets.

The authorities expect 1984 to end with a current accounts deficit of $800m, the lowest since 1979 and $400m less than the $1.2bn target agreed with the IMF.

In 1985 when some economic growth must be permitted after 18 restrictive months, some import recovery is expected. But since good export performance should be sustained, the authorities expect to end next year well within the current accounts deficit target agreed with the IMF of $1bn.

This year's restrictions and a dramatic drop in private sector investment shrank the Portuguese economy by 1.5 per cent to a gross domestic product of $19.5bn. In 1985 the administration expects 3 per cent growth, although some officials think it may be difficult to generate growth of more than 2 per cent because of the depth of the 1984 depression and decrease in confidence.

Management of the foreign debt has been helped this year by generation of export income. The foreign debt by December 1984 should be $15.4bn, a 7 per cent increase over 1983.

The short-term ratio has dropped to 22 per cent, compared with a high of 33 per cent in early 1983. Debt repayment peaked at $1.8bn in 1984; in 1985 repayments will decrease slightly to $1.7bn. The authorities argue that, while the debt volume is high, the country can afford its servicing and, unlike 1983, it has not been necessary to sell any of the gold reserves.

By autumn 1983, emergency operations with the Bank for International Settlements (BIS), led Portugal to sell 49 tonnes of gold to repay $700m of BIS loans. Having raised a total of $1bn backed by gold from the BIS, the authorities expected to have to sell $300m of gold in 1984 to pay the BIS in full.

However, finances picked up so much that the authorities could pay the BIS $100m in cash not gold and the BIS agreed to roll over the remaining $200m.

But to reduce the forecast State budget deficit for 1984 to 6 per cent of GDP, the budget included an expected Bank of Portugal profit from the $300m gold sale.

Parliament — including coalition deputies — balked at being presented with a revised 1984 deficit of Esc 86bn ($480m) over forecast mostly because of a hitherto-unknown gold deal or non-deal. And the governor of the Central Bank was furious at being blamed for the budget gap.

External successes have helped Portugal to strengthen her external image this year, but the core of the problem is still to be dealt with: How to manage, and what size to attribute to, public enterprises created by helter-skelter nationalisations almost ten years ago and thereafter used either as whipping boys or repositories for political clientele of successive governments with scant attention to bookkeeping.

Even the PSD which claimours for public sector cuts has a large clientele holding senior jobs in the sector. Matching clamour with action is less easy under these circumstances.

Sr Soares: gambled on lack of an alternative

Coalition partners review their agreements

PORTUGAL'S TWO ruling parties, the Socialist and Social Democrats (PSD), have began a radical review of their coalition pact.

At a private meeting yesterday Sr Mario Soares, the Socialist Premier, and Prof Carlos Mota Pinto, the PSD deputy premier, agreed that their parties must re-examine the bases on which the coalition was founded 18 months ago.

If the examination provides enough common ground to prop up the coalition, the two parties will make a list of measures needed urgently to correct Portugal's economic and administrative shortcomings.

The first appraisal by the two parties takes place today. Other meetings will follow.

The coalition has been under severe strain recently because fractions PSD plans insist on taking stands over presidental candidates for an election that is not due until the end of 1985.

Believing the Portugal's economic difficulties take precedence over party wrangles, the Socialists, displeased with divisive PSD tactics, have demanded thaot the presidential issue be shelved for at least six months.

The Socialists hoped that the PSD leadership would approve a freeze on the issue at last weekend's meeting of the PSD national council. This was not done: instead the council concentrated on discussions of presidential candidacies.

An exasperated Sr Soares decided it was time to challenge Prof Mota Pinto—whose grip on his disputatious party is not strong—to an uncompromising review of their relationship.

Sr Soares gambled on the lack of real alternative to this coalition to win his point and force the PSD to commit itself more strongly to stable government.

The political crisis coincides with a low point in Portugal's negotiations for membership of the European Community, on whose success Sr Soares has staked his career. His fight to push the sagging coalition back into shape is backed by his own party, which is far more coherent than the PSD.

Soviet defence spending to rise

By Patrick Cockburn in Moscow

THE SOVIET parliament yesterday endorsed the Soviet Union's budget and plan for 1985 which includes a sharp increase in nominal defence spending by 12 per cent.

The real Soviet military budget is believed to be much higher than that announced and has been static in recent years. But even U.S. estimates, which put defence expenditure at 13-14 per cent of Soviet gross national product, say that military spending in Moscow has not kept pace with President Reagan's high defence budgets.

The Soviet leadership seems to have kept the rise in its military budget down to some 2 per cent a year since 1976, rising to an estimated 2.8 per cent in 1983.

The increase announced yesterday appears to be an indication that the Soviet leaders are conscious of the degree to which Washington has increased its outlays on defence. Soviet military leaders, notably Marshall Nikolai Ogarkov, the former chief of staff, have stressed the need to keep up with the U.S. in the development of high technology conventional weapons.

Mr Nikolai Baibakov, chairman of the State Planning Committee told the Supreme Soviet that industrial production would rise by 4.4 per cent this year — or 1 per cent more than the plan.

Labour productivity is also expected to increase by 4 per cent. This is a key indicator for the economy given the very slow growth in the labour force. Next year 96 per cent of the increase in industrial output is to come from greater labour productivity, Mr Baibakov said.

Oil production this year is expected to be 615.6m tonnes or 8m tonnes below target. In 1985 Mr Baibakov said that oil output should rise by 2 per cent to 628m tonnes.

The shortfall in oil output may be because of well publicised failure of enhanced recovery techniques in West Siberia. Maintaining oil production while investing heavily in gas and nuclear power is at the centre of current planning.

Development of the gas fields seems to have proceeded much more satisfactorily. This is expected to increase by 8 per cent over 1984 to reach a total of 632m cubic metres.

No figures were given for grain output this year, estimated to total only 170m tonnes but Mr Baibakov said that the failure to reach the planned targets for agricultural output under the present five-year plan came "chiefly because of extremely unfavourable weather conditions."

The plan next year calls for industrial output to rise by 3.9 per cent and national income by 3.5 per cent.

Yugoslavia set to accept IMF 1-year credit

By Aleksandar Lebl in Belgrade

THE YUGOSLAV Government is now likely to accept a one-year standby arrangement with the International Monetary Fund after the present agreement expires at the end of March.

Mr Zivorad Kovacevic, a member of the Federal Cabinet, told parliament yesterday that creditor governments had made rescheduling of the debt maturing between 1985 and 1990 conditional on a new IMF standby agreement being reached.

An IMF team has been in Belgrade for the past 10 days discussing details of a new standby agreement and the multi-year rescheduling agreement, which the Yugoslav Government has been seeking.

Mr Kovacevic said it was doubtful whether the rescheduling agreement could be completed by the end of 1984, indicating that there are still difficulties to be overcome in the negotiations. If agreement could not be achieved by year's end, Mr Kovacevic said, a "standstill period" would be needed before Yugoslavia could meet its commitments.

The Government had prepared a fallback position in the case no agreement acceptable to Yugoslavia could be attained. This alternative would not only be unfavourable to Yugoslavia's own economic development, it would also not correspond to the interests of Yugoslavia's creditors, Mr Kovacevic said. But Belgrade would put the alternative into effect only if forced to do so.

At a meeting in Geneva on Monday western creditor governments repeated their standpoint that rescheduling of Yugoslav debts hinged on a preliminary agreement with the IMF.

Mr Kovacevic told parliament yesterday that the creditor governments did not appear to be familiar with multi-year arrangements, implying that there was still some reluctance on their part to agree to the long-term rescheduling sought by Yugoslavia.

Strong private sector urged

PRESIDENT Veselin Djuranovic of Yugoslavia called for a stronger private sector in the communist country and criticised "dogmatic" opposition to free enterprise, the state-run Tanjug news agency reported yesterday.

Support of the private sector, or "small economy" was needed to reduce unemployment, Mr Djuranovic was quoted as saying. He said about 950,000 people—13 per cent of the workforce—were looking for a job.

There is disagreement within the party and the Government on how to solve the country's economic woes. Hardliners advocate even tighter state controls on the economy, while liberals seek less rigidity.

Mr Djuranovic's comments were the highest-level public appeal to date for economic liberalisation, observers said. "According to analyses . . . there is room and need in our country (for the) small economy (to) develop so much that it can employ 1.5m people," he said. "But in many cases, a dogmatic approach to this issue is markedly present."

Yugoslavia imposes strict regulations on its private sector, limiting free enterprise to craftsmen, artisans, small shop owners and some other categories.

AP

Chernenko spells out UK missile offer

By Our Moscow Correspondent

THE SOVIET leadership has assured Mr Neil Kinnock, the British Labour Party leader who is visiting Moscow, that they are prepared to dismantle one SS-20 missile pointing at Britain for every Polaris missile dismantled on the British side. They would also be prepared to remove and dismantle an SS-20 or SS-28 missile based in Eastern Europe for every cruise missile removed from Britain.

The Soviet offer, made by Mr Konstantin Chernenko, the Soviet President, reflects in a number of ways a proposal originally put forward by the late Soviet President Mr Yuri Andropov in 1982.

But Presdient Chernenko has now spelled out the new offer more carefully and the Soviet proposal is bound to carry more weight because it is made to the leader of a Labour Party pledged to unilateral disarmament. Mr Andropov's offer was originally made to Britain and France.

The meeting of the Labour leader with President Chernenko and other senior Soviet officials has underlined the degree to which the Soviet Union has shifted from its previous conditions on talks with the U.S. The removal of cruise and Pershing II missiles, though likely to be a Soviet demand, is not seen as an obstacle to talks about talks between Mr Andrei Gromyko, the Soviet Foreign Minister, and Mr George Shultz, the U.S. Secretary of State.

Ian Davidson adds: A policy of "sustained engagement" in the management of East-West relations, through more regular dialogue and more frequent summit and sub-summit meetings, has been recommended by a panel of distinguished former western political leaders under the auspices of the Aspen Institute.

Their report, Managing East-West Conflict, urges early talks to control anti-satellite weapons and to make sharp reductions in nuclear warheads.

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EUROPEAN NEWS

Denmark blocks Community budget deal

BY QUENTIN PEEL IN BRUSSELS

THE UNFINISHED business of imposing budgetary discipline on EEC spending remained unfinished yesterday, when Denmark blocked last-minute changes designed to re-assure the European Parliament.

Nine of the ten foreign ministers meeting in Brussels were ready to go along with a deal which would have involved members of the Parliament in the effort to enforce spending control, particularly on the soaring farm budget.

Their failure to agree is not final—they are expected to have another attempt at agreement today — but it once again puts some doubts on how the last weeks of Community spending will be financed this year.

Both Britain and West Germany have made agreement on the plan for budgetary discipline a precondition of paying their shares of the Ecu 1bn (£60bn) cash shortfall in the European Commission's 1984 budget, and time is now running out for them to approve the payments.

Commission officials now fear that the whole issue may have to be referred to another summit meeting—next week's talks in Dublin—to be resolved, unless the Danes drop their objection.

The proposed amendments to the deal would provide for the Parliament to be consulted before the Council of Ministers fixes its annual "framework" or ceiling for Community spending —a move which is intended to keep the rate of growth of agricultural spending in particular below the growth rate of EEC revenues.

They were put forward yesterday by M Gaston Thorn, President of the Commission, who described them as the minimum necessary to make the text acceptable both to the Commission and the Parliament.

MEPs have warned of an open and continuing conflict with the Council if they are not involved in budgetary control, as one of the legal arms of the Community's budgetary authority.

Six of the ministers at yesterday's meeting were prepared to push through the text unamended in the light of the Danish objections, although that might result in Parliament's refusal to co-operate any further in discussions on next year's budget. However, Italy, Belgium, Greece and Luxembourg held out for the changes to be made.

EEC-Spain steel accord talks open

By Ivo Dawnay in Brussels

NEGOTIATIONS between the EEC and Spain on the integration of Spanish steel producers with the European Coal and Steel Community opened last night amid reports of some progress towards a deal.

Viscount Etienne Davignon, the EEC Industry Commissioner, made clear that while Madrid continues to give financial aid to its industry restrictions on Spanish steel sales will remain in force.

Spain, which is aiming at reducing its 22m tonne capacity by about 18 per cent to about 18m tonnes by 1988, wants an immediate tariff-free access to the Community market from accession.

As the talks continued, EEC foreign ministers were attempting to reach a common position on terms to be offered to Spain on fisheries.

The Netherlands and Belgium now appear to have accepted that the Spanish should face a 10-year period of total restrictions for its fleet before a negotiated integration can take place.

But Italy and Greece remain adamant that a less rigorous offer should be made. Some diplomats believe, however, that the Italians are trying to hold up a fisheries deal until a satisfactory conclusion to the internal Community wrangle over reform of the wine regime is agreed.

BRITISH-SPANISH AGREEMENT TO DISCUSS GIBRALTAR'S FUTURE

Sovereignty is key issue for Spain

BY TOM BURNS IN MADRID

THE FACT that the UK has agreed to discuss the sovereignty of Gibraltar is what matters to Spain in the agreement reached yesterday by Sir Geoffrey Howe, Britain's Foreign Secretary, and Sr Fernando Moran, the Spanish Foreign Minister.

The point was underlined in the statement issued by the Spanish Foreign Ministry. "For the first time in the history of the dispute," it said, "Britain expressly admits that the question of sovereignty will be broached in the (negotiating) process."

"What does sovereignty mean for the man in the street, does (Sir Joshua) Hassan now become a Spaniard?" asked a Spanish reporter at a Madrid Foreign Office briefing yesterday. "No," said Sr Fernando Schwartz, Spain's external affairs spokesman. "The devolution of sovereignty means that Gibraltar becomes once more part of Spain."

Sr Schwartz, a former ambassador and a skilled diplomat, having neatly deflected the question, made the quotable point for Spanish national consumption: "The decolonisation process has now been opened."

For Gibraltarian ears he quoted his minister: "Sr Moran has said in the past that if Gibraltar was handed to him on a plate against the wishes of the Gibraltarians he would not want it."

Sovereignity was indeed the issue but Sr Schwartz was reasonable about it: "We have never said that sovereignty would be effective in one, in two, in five years. We know it is a long term process."

Whta makes yesterday's Brussels agreement palatable for Spain, while the previous Lisbon declaration was not, is that the magic word sovereignty appears. The undertaking to discuss "the whole problem of Gibraltar," as Lisbon's statement had it in 1980 leaving each side to interpret what that meant, was not enough

In addition the Brussels document actually spells out what reciprocal rights is all about. On this point, Sr Schwartz explained, the Lisbon declaration was also vague and was little more than a declaration of intent.

The upshot is that it is a good agreement and that Spain buys it wholeheartedly. "There is no problem about selling it," said the Spanish diplomatic spokesman. The Brussels statement does not apparently run the risk of being overturned by irate Spanish public opinion, charging the Government with a sell-out and an abject surrender, which four years ago torpedoed the Lisbon declaration.

Privately, however, Spanish officials are aware of the pitfalls that still lie ahead. Public opinion in Spain will, sooner rather than later, want progress on the actual devolution of Gibraltar with demonstrable gains and timetables in place of words and promises.

Gibraltar welcomes full opening of border

BY JOSEPH GARCIA IN GIBRALTAR

GIBRALTAR has generally sighed with relief at the full opening of the Spanish border, although there are reservations about discussions on sovereignty.

"We are not going to give way on the Spanish claim to sovereignty," said Sir Joshua Hassan, the Chief Minister, referring to the continuing British commitment to honour the wishes of the people of Gibraltar. He said that a democratic government in Spain should also have regard to Gibraltar's wishes.

Sir Joshua considers that the agreement is good for Gibraltar and will be fruitful for people on both sides of the frontier.

He stressed that the freedom of movement for Spanish workers will be subject to the transition period that will apply to Spain on conclusion of her own EEC negotiations. However, there will be community preference for Spaniards which in effect threatens the future job prospects of Moroccan workers, who replaced the Spanish when the frontier was closed in June 1969. There are currently about 2,000 Moroccans in Gibraltar.

The mayor of the Spanish border town of La Linea, in welcoming the deal, emphasised the economic prosperity that could ensue from a return to normality at the frontier.

The removal by Spain of her 1967 prohibition on airspace in the Gibraltar region and the agreed co-operation on aviation matters, will doubtless improve prospects for the Gibraltar airfield which was in the past a gateway to Spain's Costa del Sol. There is hope in Gibraltar that air lines between Gibraltar and the Spanish mainland will now be possible.

Proposed laws granting rights of establishment to self-employed non-Gibraltarians is now subject to a motion carried unanimously in House of Assembly on Monday which makes it clear to Britain that such rights are the sole prerogative of Gibraltar's parliament.

France to press ahead with military satellite

By David Marsh in Paris

FRANCE IS making clear its willingness to go ahead on its own with building a military observation satellite for the early 1990s in the wake of failure to agree with West Germany over specifications for an earlier-mooted joint spy satellite project.

Joint Franco-German studies into a more advanced satellite using radar detection, which could eventually be launched in the late 1990s, will continue in spite of shelving of any idea of more immediate co-operation.

But the downgrading of the observation project, which was first announced six months ago by President Francois Mitterrand and Chancellor Helmut Kohl, none the less adds up to an important setback for European collaboration over the military use of space.

France has for several years been making technical studies into a high-resolution military satellite, Samro, based on optical instruments already developed for the Spot civilian remote sensing satellite planned to be launched next year.

West Germany, however, has made clear its view however, that the optical technology could be cutmoded by the 1990s. At the latest Franco-German summit in Bad Kreuznach at the end of last month, Bonn insisted on the need for a more sophisticated and costly radar-based craft. This would allow surveillance in all-weather conditions and at night.

A senior French aerospace official who has played a key role on Samro design work says the two sides are "far apart"

According to Defence Ministry officials, France, however, is sticking to its view that Samro, although based on technology which is now several years old, is still of military value. They point out that American and Russian spy-craft use high-resolution optical equipment and that radar detection by satellite is in a highly experimental phase.

Samro is designed not only to give France information on world trouble spots such as the Middle East but also to help target the country's nuclear forces.

France's lack of independent satellite surveillance has made it reliant, like Britain and other western countries, on the U.S. for sensitive information in times for foreign crises.

Nato, Warsaw Pact accept Stockholm talks structure

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

THE RECENT renewal of diplomatic contacts between Moscow and Washington has given a new impetus to the 35-nation European Disarmament Conference meeting in Stockholm to discuss measures for improving military security in Europe.

The Nato and Warsaw Pact states appear close to reaching agreement on a working structure for the conference proposed by Finland, one of the members of the group of neutral and non-aligned countries, which have been working hard to find common ground between the two alliances.

The conference, which began in January at a meeting attended by both Mr George Shultz, the U.S. Secretary of State, and Mr Andrei Gromyko, the Soviet Foreign Minister, has been deadlocked since June with delegates unable to agree a working structure.

A senior Western delegate said last night, however: "We are optimistic that agreement will come soon.

There will be a structure of two working groups and a number of sub-groups. It is expected that time will be set aside for negotiation on both concrete military measures, such as improved notification of military manoeuvres, the compulsory invitation of observers and means for verification proposed by the Nato states, and the political declarations proposed by the Soviet Union.

Bonn refuses to sign UN Law of the Sea convention

BY RUPERT CORNWELL IN BONN AND IAN HARGREAVES IN LONDON

WEST GERMANY has formally refused to sign the UN-sponsored Law of the Sea convention —but made clear that it will not oppose ratification by the European Community as a whole.

There is speculation that Britain may go for a similarly convoluted compromise when ministers discuss the matter in the next few days.

The other eight members of the Community have all either signed the convention or said they will do so by the deadline of December 9.

In all, 140 of the UN's 159 member states have signed, including the whole of Eastern Europe, with the exception of Albania. The main opponent of the convention is the Reagan Administration, which regards the convention's proposals on deep-sea mining as a threat to the U.S. mining industry.

As expected the Bonn Cabinet vote confirmed the enduring split between the tiny Free Democrats (FDP), mainly in favour of signature, and the CDU/CSU alliance which is overwhelmingly opposed.

When the vote was taken, only Herr Hans-Dietrich Genscher the FDP leader and Foreign Minister, and his party colleague Herr Hans Engelhardt, the Justice Minister backed Bonn's own adherence to the Convention.

The remaining 15 members of the Cabinet, including Chancellor Helmut Kohl and even Herr Martin Bangemann, the FDP Economics Minister, voted against.

West German hostility to the agreement—like that of the U.S. —stems from its dislike of provisions whereby seabed mining rights would be shared out, unjustly in Bonn's view, between developing and industrialised countries.

However, Herr Genscher argued unavailingly to the last that this drawback was more than balanced by the need not to antagonise Third World countries, and to preserve a common front of the EEC.

That last consideration has partly at least now been met by Bonn's acquiescence in ratification of the convention by the Community. Both the European Commission and the European Parliament support the convention.

Herr Peter Boerisch, the Government spokesman, said last night that apart from the seabed mining clauses, the convention was to be welcomed. Moreover, despite the Cabinet's decision, West Germany will go ahead with plans for the international court of marine law, due to be set up in Hamburg.

It is not clear, however, what rights to participation in the convention's institutions will be available to countries which refuse direct signature but are members of supranational bodies which support the convention.

A paper* published in London yesterday by the World Development Movement argues that Britain must sign the convention in order to help shape detailed policy on seabed mining and to benefit from other provisions, such as navigation rights.

For Britain to boycott the convention, along with the U.S., would hand a major propaganda tool to the Soviet Union, which the paper says has already started to pursue bilateral talks with developing countries for co-operation in seabed mining under the terms of the UN convention.

The Law of the Sea—a choice between anarchy and order. David Ward, World Development Movement, Bedford Chambers, Covent Garden, London, WC2E 8HA. Price 95p.

OVERSEAS NEWS

Moslem group takes responsibility for UK diplomat's death

By JOHN ELLIOTT IN NEW DELHI

A GROUP calling itself the Revolutionary Organisation of Socialist Moslems yesterday claimed responsibility for killing Mr Percy Norris, British Deputy High Commissioner, in Bombay.

A man speaking Arabic made the claim *in a telephone call* to an international news agency in London. He said he was speaking *from* Bucharest.

The same group claimed responsibility for shooting dead the British Council representative in Athens, Mr Kenneth Whitty, on March 28 this year.

The caller said the British authorities had not responded to their previous warnings to "stop their aggressive interventions and their detention and torture of fighters."

The caller said Mr Norris had been working for Scotland Yard under diplomatic cover and had close links with the U.S. Central Intelligence Agency (CIA).

Indian police said last night they were hunting for two foreigners with "fair complexions" after Mr Norris was shot twice, in the heart and the head, at close range as he was driven in a distinctive white Rover 3500 to his office in the crowded commercial centre of Bombay.

He was dead on arrival at a city hospital. Mr Norris, aged 56, married with a son and daughter took over as the UK's senior diplomat in Bombay with the rank of Deputy High Commissioner a month ago. He would have specialised in Indo-UK trade, and especially in Britain's involvement in India's Bombay High oil and gas field. He most recently served in Dubai.

There were hardly any eyewitnesses to the shooting and the Indian chauffeur of Mr Norris's car, who has driven British diplomats for 25 years, is not believed to have seen the attackers.

Mr Julio Ribeiro, Bombay police commissioner, said that four foreign made shells fired by a powerful 9mm pistol were found.

Security protection provided by the Indian Government was immediately increased throughout the country for top UK diplomats and at British offices including those of the BBC and British Airways.

Protection was also provided for the England cricket team which starts its first Test match against India in Bombay today.

Born in April 1928, Mr Norris started his career in the colonial and the commonwealth relations offices serving in the Solomon Islands, Kuala Lumpur, Lagos and Brussels before being seconded in 1972 to the Department of Trade and Industry.

He was Consul and Commercial First Secretary in Philadelphia, the U.S., from 1975 to 1980 when he moved to a similar post in Dubai.

Sir Geoffrey Howe, British Foreign Secretary, described the shooting of Mr Norris as an "appalling crime."

ATTACKS ON UK DIPLOMATS

1970: Mr James Cross, British trade commissioner in *Montreal, kidnapped by Quebec* separatist group, but eventually released.

1971: *Mr Geoffrey* Jackson, Ambassador to Uruguay, kidnapped by urban guerrillas and held captive for 245 days.

1973: Sir Richard Sharples, Governor of Bermuda, shot dead in grounds of Government House.

1973: Ms Nora Murray, personal assistant to British *military attache in Washington*, had her hand blown off by a letter bomb (similar bombs sent simultaneously to other British embassies, including those in Zaire, Portugal and France).

1976: Mr Christopher Ewart-Biggs, British ambassador to Ireland, killed by Irish Republican guerrillas when a landmine went off under the car in which he was riding in suburban Dublin.

1978: Sir Richard Sykes, British ambassador to the Netherlands, a security expert, shot and wounded outside the embassy building in The Hague, probably by Irish guerrillas.

1984 (March): Mr Kenneth Whitty, first secretary at the British Embassy in Athens, killed by gunmen as he drove home from work. A left-wing Moslem group claimed responsibility.

Reuter

Australian Treasurer in pledge on spending

By Michael Thompson-Noel in Sydney

THE AUSTRALIAN Treasurer (finance minister), Mr Paul Keating yesterday fleshed out the trio of pathsetting fiscal promises made by Mr Bob Hawke's Labor Government in the run-up to Saturday's general election, which Labor is expected to win easily.

Over its next term, said Mr Keating, the Government pledged that neither federal tax revenue nor the federal budget deficit would rise as a proportion of gross domestic product (GDP), and that government expenditure growth would not exceed the growth rate of the economy.

"Promises such as these have no precedent in Australian elections," Mr Keating told a banking conference in Sydney. "No Government has ever before made such clear commitments covering future budgetary management."

Mr Keating said a prime aim of the Hawke Government had been to reduce the budget deficit, partly to ease Australia's growing debt-servicing burden.

"Public debt interest this year is estimated to total A$5.6bn (£3.8bn), or 8.3 per cent of total commonwealth (federal) spending," said the Treasurer. "Ten years ago, public debt interest cost only A$887m, or less than 5 per cent of budget outlays."

Mr Keating said the 1983-84 budget deficit had been hauled back from a prospective A$9.6bn to A$7.9bn, with a further reduction of A$1.2bn in the planned deficit for the current year. In turn, the Government had already promised that next year's deficit would be a smaller money amount than 1984-85's planned A$6.7bn.

In part, the Government is anxious to neutralise the claim by Mr Andrew Peacock, leader of the Opposition, that it is "the biggest-spending, high-taxing government in Australia's peacetime history."

Equally, its determination to curb expenditure, wind back the deficit and ease the debt-servicing burden highlight the Government's conservative policy approach, which is the key to Mr Hawke's grip on power.

Reginald Dale on the restoration of Washington's diplomatic links with Baghdad

U.S. moves to prise Iraq from Soviet grip

WITH THE official restoration *of U.S.-Iraqi diplomatic relations* this week, after a 17-year interruption, the Reagan Administration is having a hard job denying that it has "tilted" towards Baghdad in the four-year-old Iran-Iraq war.

As the Iraqi flag was ceremonially raised in Washington on Monday afternoon, a senior Administration official was vigorously insisting that nothing much had changed and that U.S. neutrality in the conflict was as strict as ever.

In a military sense at least, that is true. Washington remains firmly opposed to the supply of arms to either side—and does not intend to relent in favour of Iraq simply because of an exchange of ambassadors. The U.S. objective remains, as the State Department puts it, the earliest possible negotiated peace, preserving the "sovereignty and integrity" of both countries.

There is no doubt, however, that Iraq is very much in Washington's good books, while Iran is not, and that the Reagan Administration also sees a role for Iraq in its continuing and so far unsuccessful quest for progress towards a wider Middle East settlement.

U.S.-Iraqi relations, once exceedingly antagonistic, have progressively warmed since Washington cut off ties with Iran after the 1979-81 hostage *crisis*. In Washington's eyes, the last four years have seen Iraq moderating its attitudes towards Israel, and on the Middle East problem in general, as it sought to avoid isolation in the war.

Iraq, for its part, has welcomed Washington's efforts to "choke off" arms supplies to Iran from other western countries.

Washington also approves of Iraq's expressions of readiness to negotiate an end to the war, while Iran refuses to do so until President Saddam Hussein is removed from office in Baghdad.

Over the past three years, since its removal from *Washington's embargo list of countries* supporting international terrorism, Iraq has become a major market for U.S. agricultural products, mainly wheat and rice. It is now also allowed to buy American non-strategic industrial goods and civilian aircraft. By contrast, Washington has constantly tightened the trade screws on Iran, which remains very definitely on the embargo list.

The U.S.'s interest in Iraq is also, however, more broadly strategic. There was considerable satisfaction in Washington this week when the visiting Mr Tariq Aziz, Iraq's deputy prime minister and foreign minister, said that one of the main reasons for renewing ties with the U.S. was to "balance" his *country's* close relationship with its chief patron and arms supplier, the Soviet Union.

Washington has encouraged Iraq's plans to build three new oil pipe-lines, through Turkey, Saudi Arabia and Jordan, to reduce its, and the west's, reliance on the Gulf oil route—although Mr Aziz said this week that the Jordan pipeline has been shelved.

The chief reason for the shelving appears to be Israeli *reluctance to guarantee not to* **attack the pipeline, which would terminate close to Israeli** *territory at the Red Sea port of* **Aqaba. Iraq had reportedly hoped that the U.S. would put pressure on Israel to ensure the pipeline's safety.**

Israel, which destroyed the Iraqi nuclear reactor in a pre-emptive air strike in 1981, remains deeply suspicious of Baghdad. Washington, however, believes that *Iraqi attitudes* **towards Israel have noticeably "evolved" in the past few years.**

Administration officials this week pointed out that Iraq no longer regards itself as a "front line state" in the conflict with Israel; that it has supported Jordan's resumption of diplomatic relations with Egypt; that it favours closer relations between Jordan and the Palestinian Liberation Organisation; that it acknowledged President Reagan's September 1 1982, Middle East peace initiative; that it agrees that both Israel and the Palestinians must have "security"; and that President Hussein *has said that* **no responsible Arab leader looks forward to the destruction of Israel.**

The U.S. aim, accordingly, is to try to prise Iraq away from the tight grip of Moscow and progressively insert it into the group of moderate Arab states, including Egypt, Jordan and Saudi Arabia, to which Washington is looking to further the peace process.

At the same time, Washington hopes that this week's official reconciliation with Iraq *will put political pressure on* **Iran. Iran could also benefit from improved relations with Washington, the Administration says, on two conditions: that it stops supporting international terrorism; and that it seeks a peace settlement with Iraq. Tit or no tit, the raising of the Iraqi flag in Washington was meant to be noticed in Tehran as much as in Baghdad.**

Zimbabwe GNP 'on course to grow 2% next year'

BY TONY HAWKINS IN HARARE

ZIMBABWE'S largest banking group, Standard Chartered, is prediciting a "modest" economic recovery for the country next year after three *years of falling output*.

In its November Zimbabwe Economic Bulletin, the Standard says, provided rainfall is normal over the next four months, real GNP growth of between 2 and 3 per cent is likely.

This follows declines of 4.5 per cent in 1982, 4 per cent last year and an *estimated* 2 per cent in 1984.

In what is arguably the most bullish economic forecast to emanate from Zimbabwe for three years, the bank predicts growth of more than 20 per cent in exports this year and a halving of the current account external payments deficit from *Z$400m (£228m) in 1983 to less* than Z$200m (£114m) this year.

Despite the drought in 1983-84, the Standard believes agricultural output increased some 30 per cent this year due to 75 per cent increases in the value of both maize and cotton output and a 40 per cent gain in tobacco production.

In part, this and a 20 per cent growth in mining, reflects the strength of the U.S. dollar which has boosted the Zimbabwe currency values of output.

The bank expects industrial output to fall some 6 per cent this year but foresees an indus-*trial upturn in 1985 assuming* reasonable rains.

However, it warns that agricultural output is unlikely to grow any faster next year, even if good rains do arrive, since the substantial volume gains in tobacco and cotton will not be repeated though the value of maize production could double.

The Standard points out that Zimbabwe's long-run economic performance has been less than *impressive. It says real income* per head in 1984 will be no higher than in 1968, while employment has stagnated for the past 10 years during which time the population has increased by nearly 2m people.

Two Koreas' economic talks postponed

By Steven B. Butler in Seoul

NORTH KOREA has thrown cold water on hopes that last Friday's shooting incident in the truce village of Panmunjom would not affect the progress of economic and other talks between North and South Korea.

In a letter to South Korea, *Pyong* Yang unilaterally postponed economic talks that were scheduled to take place on December 5, citing what it called the "horrifying' atmosphere at Panmunjom and saying that the safety of the delegates could not be guaranteed.

It nonetheless held the door open for talks next year, saying it believed they should succeed, and called on South Korea to take unspecified steps to eliminate tension.

The North Korean security force in Panmunjom suffered a heavy beating in last Friday's *fire fight after they pursued a* Soviet defector across the military demarcation line.

North Korea said three of its soldiers died, and U.S. military sources say that at least four others were seriously wounded.

Mitterrand conciliatory as Assad touches raw nerves

BY PAUL BETTS IN DAMASCUS

FRANCE YESTERDAY refused to complain about a defence of liberation movements by President Hafiz al-Assad during a speech to a state banquet in *honour* of President Francois Mitterrand.

The Syrian leader claimed in his speech that liberation movements were not terrorism and compared them to the Resistance in France during the Second World War.

These remarks touched on one of the most sensitive issues *still dividing Paris and Damascus*. France has always regarded that Syria carried responsibility for the killing of the French ambassador in Beirut, M Louis Delamare; for the bombing of an Iraqi newspaper office in a Paris street, which led to the expulsion from France of the Syrian mili*tary attache in Paris; and for* the Beirut bomb attack which killed 58 French paratroopers stationed in the Lebanese capital.

President Mitterrand's state visit to Syria—the first by any French president—had drawn criticism in France because of this recent *history in the same* way as the recent visit by M Claude Cheysson, the French *foreign minister*, to Algeria for the celebrations of the Algerian national uprising against France caused an uproar.

French officials acknowledged that President Mitterrand's visit was "not easy." They also claimed they were not surprised by the harsh terms of President Assad's speech.

By contrast, President Mitterrand's reply to the Syrian leader was conciliatory and mild in tone. Some diplomatic observers said this differed sharply with the French President's outspoken remarks at the Knesset during his visit to Israel in 1982.

The controversy between the *large French press corps following* M Mitterrand and Syrian officials was finally resolved yesterday after the Syrians agreed not to continue to censure French coverage from Damascus.

IT SEEMED AS GOOD A PLACE AS ANY TO START LOOKING FOR NORTH SEA OIL.

1 9 6 5

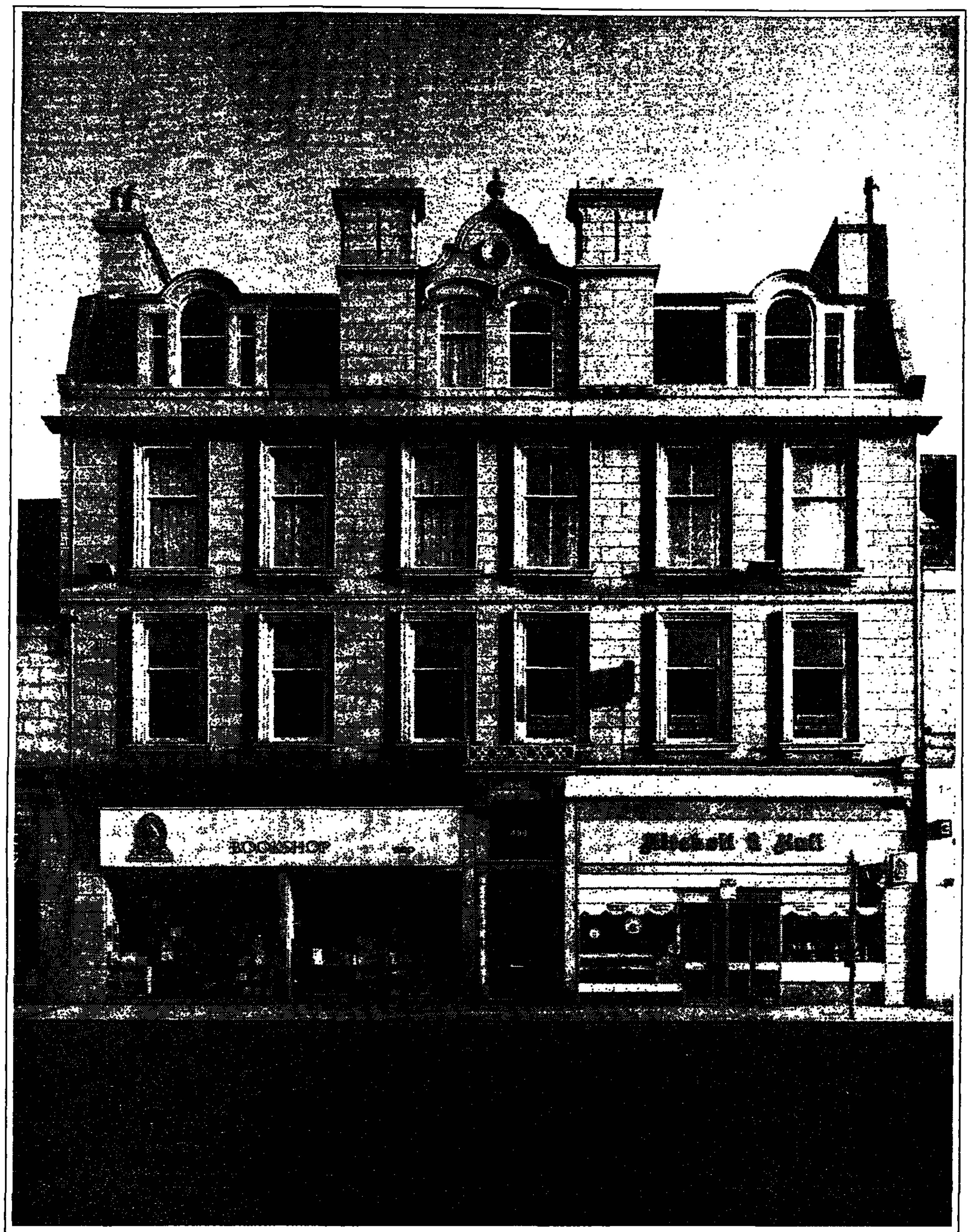
A routine press conference in London, and an off-the-cuff remark by Shell UK's top geologist. Within minutes his comments are on every Editor's desk in Fleet Street, and by morning, being repeated the length and breadth of the country. While the sceptics scoff, the politicians pray. If what has been hinted at is indeed true, it will alter the economic and political fortunes of Britain for decades to come. Out in the North Sea, it is reported, Shell expects to strike oil.

1 9 6 6

The financial markets of London buzz with anticipation following Shell's discreet announcement of 'a significant gas discovery' 32 miles off the coast of East Anglia. Within two years Shell and other companies are bringing North Sea gas ashore, and with it a dramatic revival for the British gas industry. Plans are made for completely converting the National Grid to natural gas.

1 9 6 7

Armed with the latest seismic data, two geologists from Shell set up a small office in a tiny flat, over a bookshop, in the centre of Aberdeen. It seems as good a place as any from which to tackle their awesome task. They have been instructed to begin exploration of the vast and hostile waters of the northern parts of the North Sea.



1 9 7 1

At the northernmost offshore well yet drilled in the world, a veil of secrecy descends over Shell's activities. Communications with the mainland are suddenly coded through 'scrambler' phones. Information is rushed to Shell's scientists for prompt analysis. Until, as abruptly as they began, the exploration team cease all activity, seal the well, and are clearly seen making off for entirely new locations. A simple manoeuvre to ensure that nobody will guess what they have found.

1 9 7 2

Shell proudly announces the discovery of what will prove to be a giant oil and gas find for Britain, the Brent Field.

1 9 7 4

The latest analysis of the Brent Field shows that the possible reserves of oil and natural gas liquids are double the original estimate. With Britain's oil deficit still around £3.8 billion, the news is welcome indeed.

1 9 7 6

The very high ratio of gas and gas liquids to oil being produced at Brent leads to a daring new scheme. A pipeline 278 miles long is to be laid on the seabed, to bring ashore the gas and gas liquids for separation. It will be the longest, and deepest, offshore pipeline ever built and is yet another challenge for British industry. Much of the technology required for North Sea development must be capable of operating in waves of up to 100 feet high, and in gusts of wind up to 100 miles per hour. In this instance, underwater cameras, side-scan sonars and computer systems are needed that will operate 600 feet beneath the sea.

1 9 7 8

The scheme is a success. Now it will be possible to bring the gas and gas liquids ashore for further use. The gas will be extracted and fed into the National Grid.

It would be possible to split the remainder into ethane, butane, propane and natural gasoline — important resources for industry. To do so, a highly advanced plant, costing many millions of pounds, will have to be specially built.

1 9 8 0

Work begins on the £400 million Gas Liquids Plant being built by Shell at Mossmorran, and on the 138 mile pipeline that will feed it. Soon Mossmorran will be the largest construction site in Europe.

1 9 8 2

Oil production from Brent approaches 310,000 barrels per day. This vast quantity helps transform Britain's oil deficit of yesteryear into a surplus of around £4.4 billion.

1 9 8 4

A VIP gathering to witness the opening of the new Mossmorran plant. Distinguished speakers touch on one or two environmental aspects of the plant, such as how it has been built tucked into the contours of the land so as to be as unobtrusive as possible. Also mentioned are the industrial aspects, such as how the hydrocarbons being produced will ultimately be used in the manufacturing of a thousand and one household items, from lipsticks to records.

But above all, it is noted that the opening of Mossmorran marks the culmination of the twenty years in which Shell, and the countless number of smaller British companies that have worked for her, have invested thousands of millions of pounds and great skill and ingenuity in the North Sea.

With excitement, we all look forward to the next twenty years.

YOU CAN BE SURE OF SHELL

Kieran Cooke looks at Jakarta's policy on trade with a former adversary

Indonesia-China relations begin to thaw

BACK IN the late 1960s the then Indonesian Foreign Minister, Mr Adam Malik, came under sharp criticism for importing large amounts of rice from China at the time of a serious drought in Java.

"We will trade even with the devil if it's in the interest of the people," he said in reply to his critics.

The equation between China and the devil has persisted in Indonesia. President Suharto's New Order Government froze diplomatic relations with Peking in 1967, accusing it of being behind an abortive coup two years earlier. Contacts have since been kept to a minimum: Chinese communism said Indonesian leaders, was a threat to not only Indonesia, but the whole region.

But lately there have been changes in Indonesia's attitude. Dr Mochtar, Indonesia's Foreign Minister, has indicated on several occasions that some moves are being made to establish direct trading links as a possible prelude to re-opening diplomatic ties. The first step would be the creation of trading offices in Peking and Jakarta.

Indonesia and China, the two giants of East Asia in terms of population and resources, share a pragmatism in both their foreign and trading policies.

Dr Mochtar says Indonesia will trade with almost anyone: "The Eskimos, the Hottento — though not Israel and South Africa." Similar, if less colourful, phrases have been heard in Peking.

Official figures show that Indonesia exported $27m (£22.5m) worth of goods to China in 1983. This represented a 90 per cent increase over the 1982 figure, but is still only a small portion of the real trade actually going on. The bulk of trade is done through middlemen in both Hong Kong and Singapore. Last year, Hong Kong imported nearly $200m worth of goods from Indonesia—it is estimated that more than 60 per cent of those goods were re-exported to China.

Both Indonesian businessmen and Government officials who are desperately trying to increase Indonesia's non-oil and natural gas exports, say that with direct ties, Indonesia's products could compete much better in the China market.

At the moment, middlemen put surcharges of between 5 per cent and 20 per cent on goods, they claim there are also additional costs for transhipping goods in either Singapore or Hong Kong. Most of the listed trade from Indonesia to China at present consists of coffee, spices and plywood. China has indicated it is interested in buying increasing amounts of these items plus fertilisers, sawn timber and rubber. Indonesian traders say that unless action is taken soon, they could lose out: Malaysia is already exporting significant amounts of rubber to China.

No official figures are available on imports from China, but in the past Indonesia has bought substantial amounts of rice. It is also interested in buying certain metals and raw materials. The big obstacle to direct trading links is, it seems, a political one.

Indonesia has consistently said that before relations with China can be normalised, Peking must declare it no longer supports any covert Communist activities in South East Asia and, in particular, the outlawed Communist party of Indonesia, the PKI. A senior Indonesian official says it would not be hard to overcome this problem: "A formula could easily be found to satisfy ideological qualms in Peking and, at the same time, appease Indonesia's suspicions."

There is, however, a powerful group within the army against any direct relations—some remain fearful of any resurgence of PKI activity while others are perhaps worried that their cut of existing trade with China, said to be controlled largely by army interests, might be lost.

There is also the question of Taiwan. Indonesia has no direct relations with Taiwan but there is a growing amount of trade between the two, and chambers of commerce in both Jakarta and Taipei function as trading offices and quasi-embassies.

Indonesia exported more than $200m worth of goods to Taiwan last year, nearly half of it crude oil. It is also negotiating a liquefied natural gas supply contract. Taiwan exported more than $500m worth of goods to Indonesia last year, much of it machinery. Again, with the new flexible approach evident in China, it seems that some sort of accomodation on the issue of Indonesia/Taiwan relations would be possible.

Brazil forges links in electronics

BY ANDREW WHITLEY IN RIO DE JANEIRO

BY THE end of 1985 over 2.5m Chinese are likely to be watching television pictures through Brazilian-made TV tubes. That they are able to do so will be thanks to orders, worth approximately $50m to date, won by the Brazilian subsidiary of Philips, the giant Dutch electronics group.

Over 1.25m black and white television tubes have already been shipped. A mission from China Continental, a Chinese Government trading division, is due in Sao Paulo in the coming weeks to confirm delivery of a further 1.2m units for 1985.

Philips estimates its export earnings from the Chinese market this year at about $20m, out of total foreign sales from its Brazilian subsidiaries of $115m—more than 50 per cent up on 1983 figures.

A related illustration of the rapidly diversifying trade between the two countries is the planned visit to Peking this week of Colonel Edison Dytz, head of the powerful state agency overseeing the Brazilian data processing industry.

His is very much a shopping trip to explore the possibility of trading Brazilian - developed computer software and hardware for Chinese technology on sophisticated integrated circuit boards. A recent mission by a Brazilian computer manufacturers' group has paved the way.

Philips has kept quiet until now about its Chinese business. News of the shipments was only disclosed last week, more than a year after the first trial deliveries were made.

If it had not been for the Chinese orders Philips acknowledges that it probably would have been forced to close its television tube plant at Sao Jose dos Campos, in Sao Paulo state, home of Brazil's defence and electronics industries.

Domestic demand for black and white tubes has slumped, from 1.3m in 1981 to an estimated 580,000 this year.

● The UK Building Materials Export Group is undertaking a major campaign to promote British building materials manufacturers in China. As part of this effort BMEG and the Sino-British trade council are jointly organising a sales mission to China next May and June. The mission will follow on from the China Construct '85 Exhibition, being held in Nanjing from May 16-22, 1985. This will enable exhibitors to follow up contacts.

Guangdong province seeks $10bn of foreign investment

BY COLINA MACDOUGALL

CHINA'S Guangdong province, adjoining Hong Kong, is seeking a total of about $10bn (£8bn) worth of foreign investment between now and 1990, Liang Lingguang, provincial governor, said yesterday. He completes today a two-week visit to Britain.

Priority areas for this investment, which excludes sums to be spent on offshore oil and the proposed Anglo-French nuclear power station at Daya Bay, are thermal power stations, transport, telecommunications, petrochemicals, and new technologies such as microcomputers, biotechnology and fibre optics.

To facilitate investment, the provincial government is setting up an eight square kilometre development zone near Canton where preferential treatment similar to conditions in the Special Economic Zones will be offered to investors in high-technology projects or schemes valued at $30m or more.

Guangdong has already received commitments of $5.3bn in foreign investment from 1974 to mid-1984 of which $1.5bn has so far been used.

From January Canton will have powers of decision over investment and the economy equivalent to those of a province, Liang said. Canton already is a major industrial and commercial centre, accounting for about 40 per cent of the province's industry.

The province is seeking all forms of economic co-operation to remodel its industry.

Swedes sell pulp mill to Soviets

By David Brown in Stockholm

SUNDS DEFIBRATOR, a subsidiary of Sweden's SCA forest products group which sells pulp, paper and board machinery, has won an order from the Soviet Union worth SKr 200m (£19m) to deliver equipment for a complete pulp manufacturing facility.

The equipment, installation and process engineering on the two-line facility with annual capacity of 165,000 tonnes of chemi-thermomechanical pulp for printing paper is to be delivered by SD by early 1987. The mill will be built by Soviet workers in Syktyvkar, 1,200 miles north-east of Moscow.

The Soviet purchasing agency, Prommashimport, will pay SKr 200m cash upon delivery. The contract was won against tough competition from Swedish and Finnish forest machinery producers, SD said. It had earlier sold 25 pulp and board production lines to the Soviets.

● ASEA, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhyapredesh by early 1988.

Singapore plans to boost tourism sector

By Chris Sherwell in Singapore

SINGAPORE IS to embark on a major drive to attract more tourists, following the weekend publication of more than 90 recommendations by an 11-member task force.

Earnings from tourism reached S$4.18bn (£1.6bn) last year, amounting to 12 per cent of gross national product, but the number of visitors declined by 3.5 per cent to 2.85m, mainly because of the Western recession, the strong Singapore dollar, and punitive exit taxes in neighbouring countries.

Although the fall is being reversed this year — tourist arrivals are expected to reach a record 3.05m in 1984 — the trend has hurt a much-increased number of retailers and hoteliers and provoked criticism.

The 84-page task force report proposes the preservation of the central Chinatown area, and the old Little India sector, a Latin Quarter-style development of the Singapore River and the transformation of offshore islands into full resorts.

To help implement its proposals, which the Government has already endorsed, the task force leader, Dr Wong Kwei Chong, who is also a Government minister, is to take over the chairmanship of the Singapore Tourist Promotion Board from Mr Tan I Tong, who was first appointed in 1976.

Belgrade passes joint venture law

By Aleksandar Lebl in Belgrade

THE YUGOSLAV parliament yesterday passed a new joint venture act to liberalise foreign investments in Yugoslavia. It is hoped the Act will increase foreign exchange inflows in forms other than loans and credits, in view of the already heavy external indebtedness of the country, and at the same time help the country acquire modern technology and know-how in order to improve the competitiveness.

The legislation sets no limit to profit, guarantees the repayment of the real value of foreign equity, waives the rule that prohibits foreigners from having a majority of equity, guarantees that economic policy measures cannot change contract conditions and gives the foreign partner more rights in running joint venture business operations.

Franco-U.S. offshore venture

By Maurice Samuelson

A FRANCO-AMERICAN joint venture has been launched in the UK to supply anti-corrosion and insulation materials for offshore pipelines and structures used by the oil and gas industry.

The company, Hutchinson-Regal, will be owned 51 per cent by Hutchinson, a major French rubber company and part of the Total oil group, and 49 per cent by Regal International of the U.S., which makes and markets expendable rubber products for use in oil and gas drilling and related fields.

U.S. singled out for sharp attack at Gatt meeting

BY CHRISTIAN TYLER IN GENEVA

DEVELOPING COUNTRIES went on to the attack yesterday against protectionism and trade policy in the industrialised world, singling out the U.S. for especially sharp criticism.

The second day of the annual meeting of the General Agreement on Tariffs and Trade saw the U.S. under fire from all directions.

In particular it was accused of jeopardising the chances of a new round of world trade negotiations by trying to force the pace on a single issue – the liberalisation of trade in services such as banking, insurance, telecommunications and transport.

Tense negotiations outside the main meeting to get a compromise on the issue remained in deadlock. A small group of senior diplomats was meeting again last night to try and find a way out of a procedural but serious impasse.

Meanwhile the developing countries circulated a paper laying down their conditions for entering a new round of trade talks. They said they would consider specific negotiations, but only on trade in manufactured products, semi-processed goods, farm products and natural resources.

The first precondition was that the developed nations must "individually and promptly" lift all barriers to imports forbidden by the Gatt rules.

Second, the industrialised countries should make "serious efforts" to complete the existing programme of work on problematic trade issues being carried out within the Gatt.

That statement appeared to make no concession whatever to demands by the U.S., Japan, the EEC and others that the mooted negotiation should range far more widely to tackle what they see as the issues of the next decade.

U.S. tactics on the services question – the most controversial so far this week – were publicly criticised yesterday by Sr Paulo Nogueira Batista, the Brazilian ambassador.

He told a press conference that the U.S. was trying to exceed the mandate given by ministers of the 90 member countries of Gatt two years ago.

Inside the meeting, the U.S. spokesman, Mr Michael Smith, Deputy U.S. Trade Representative, spent most of the first session warding off attacks from other countries. In particular the U.S. was criticised by textile exporting nations for recent import restraint measures.

Because of the row about services, it was decided later yesterday to postpone a review of Gatt's budget for 1985. That was clearly to avoid further confrontation with the U.S., whose spokesman yesterday firmly linked budgetary review with the future Gatt work programme.

However, Mr Smith denied having said the night before that the U.S. might block the budget or withhold its contribution. His warning was, however, heard by at least six newspaper reporters.

Member nations are due to approve an 11 per cent increase, raising the budget to SwFr 56.5m ($22.4m), of which the U.S. contribution would be 14.9 per cent

Pan Am hits at airport ban

BY FRANK GRAY

MR ED ACKER, the chairman of Pan American World Airways, yesterday urged the British Government to revise its airports policy which prohibits the start by any airline of new scheduled services into Heathrow Airport.

The limitation on growth stems from the 1977 Bermuda II U.S.-UK air traffic agreement, after which all new services were required to fly into Gatwick. The move was undertaken to relieve congestion at Heathrow.

Mr Acker, speaking at a U.S. Chamber of Commerce luncheon in London, said Gatwick itself was overcrowded at peak hours.

Pan Am, whose UK services date from 1939, making it the oldest foreign carrier into the UK, is resuming a Houston-London service in April after a two-year layoff.

Mr Acker said it did not make sense to have to operate into Gatwick when virtually all of Pan Am's scheduled services operated out of Heathrow. This amounted to 25 flights per week

Senate Republicans set to choose majority leader

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

FIFTY-THREE Republican U.S. Senators gather behind closed doors today in a huddle reminiscent of a papal conclave to elect a new leader to succeed the retiring, much respected, Senator Howard Baker of Tennessee.

The victor, as Senate majority leader in the Congress that convenes in January, will occupy one of the most powerful positions in Washington.

With two fewer Republican seats in the new Senate (down from 55 before this month's elections), and a slight increase in the weight of the moderate faction), the new leader will have a harder task keeping the party in line than Mr Baker. He will wield enormous influence over how far President Ronald Reagan succeeds in pushing his policies on the *budget, defence and domestic* and foreign affairs through Congress.

Five men have thrown their hats in the ring, but none of them claim to have the 27 votes needed to win on the first ballot. Under the rules, the contestant who wins the fewest votes in each ballot has to drop out of the next round, progressively narrowing the field.

Sen Robert Dole of Kansas, the powerful chairman of the Senate Finance Committee, has long been considered the front runner, but he admits his success is far from assured.

Mr Dole, the beaten vice-presidential candidate in 1976, faces a campaign for senate re-election in 1986, and is considering a bid for the presidency in 1988.

Some of his colleagues may not want to give Mr Dole a head start in the 1988 race by elevating him to a position of such national prominence Others fear that, with his other commitments, he may not have enough time to devote to the leadership—Mr Baker resigned partly to give himself the freedom of manoeuvre to test the presidential waters for 1988.

The second favourite is generally considered to be Mr Richar Lugar of Indiana, a capable organisation man, who may be too bland for some tastes.

Not so Mr Ted Stevens of Alaska, current majority whip and another contender, who is known for his bluntness and aggressive temper.

Conservative Mr James Mc-*Clure of Idaho is the preferred* candidate of the new Right, while the mantle of "dark horse" has been bestowed on Mr Pete Domenici of New Mexico, who is seen by his supporters as representing the Baker tradition of sincerity and fair-mindedness.

The candidates' personalities and their ability to work with Mr Reagan are likely to be as important in the secret voting as experience or length of service.

But the election has also been viciously complicated by the possible implications for the Senate Committee chairmanship that are due to be assigned in January.

Three of the candidates, Mr Dole, Mr Domenici and Mr McClure, are chairmen of important committees, posts that they could not retain if elected majority leader, and other senators are eyeing who would be their successors.

Another web of uncertainty surrounds ultra-right Mr Jesse Helms of North Carolina, current chairman of the agriculture committee. Mr Helms is next in line for chairmanship of the prestigious Foreign Relations Committee, thanks to the defeat of Mr Charles Percy, of Illinois, the current chairman, in this month's elections.

Mr Helms has promised his tobacco-producing voters in North Carolina that he will stick with agriculture. But, if Mr Lugar, next in line for foreign relations, wins today, right-wing pressure on Mr Helms would be intense to take the Foreign Relations Com-*mittee post to prevent the suc*cession of liberal Mr Charles Mathias of Maryland.

If Mr Lugar does not win, the pressure will be on Mr Helms to stay put, to prevent the anti-tobacco Mr Lugar taking over agriculture where he also is the second ranking Republican.

Both the White House and a large number of moderate senators would be distressed if Mr Helms, with his dislike of arms control and his support for right-wing Latin American dictators, were to take foreign relations—a factor that works against Mr Lugar.

Mr Lugar has appealed to his colleagues to ignore the potential chain reaction and vote for *him* simply as "the best leader."

Opposition groups in Chile begin protests

By Mary Helen Spooner in Santiago

Chilean opposition groups yesterday began a two-day protest and strike against General Augusto Pinochet's regime, amid heavy Press censorship and an official crackdown on political activity.

The protest organisers, who included leaders of the multipartisan Democratic Alliance, called for midday and evening demonstrations yesterday and a general strike today.

This marks the Chilean opposition's first anti-government protest since General Pinochet ordered a State of siege three weeks ago.

With most opposition publications banned, and the rest of the Chilean news media under tight Press restrictions, dissident political and labour leaders have attempted to organise the protest and strike by word of mouth in Santiago and other cities.

Riot police with water cannon dispersed a group of approximately 50 demonstrators singing the Chilian national anthem and shouting anti-government slogans on the steps of the capital's cathedral, arresting a dozen of the protesters.

Army troops patrolled several traffic intersections in Santiago's working class neighbourhoods, where past protests have often turned violent. Colonel Carlos Krumm, the Government's deputy Secretary General, announced the army was calling its reservists to duty, but described the situation in the country as "absolutely normal."

The official also acknowledged that at least six bombs exploded in Santiago on Monday night, but there were no reports of deaths or injuries.

At least two of the explosions were car bombs, which shook nearby buildings and caused windows to shatter. Well informed observers in Santiago report that as many as 40 bombs have exploded since the state of siege was imposed.

Government officials have refrained from referring directly to the protest, and are hoping for a muted reaction to the opposition's call.

Army troops and police inspected several low income neighbourbhoods

Elections lift Uruguay's expectations

Jimmy Burns in Montevideo looks at the problems facing Sr Sanguinetti as he takes on democratic rule

URUGUAY WENT to the polls in an effervescent and generally peaceful mood, marred only slightly at the last minute by isolated clashes between rival political groupings. For in spite of the fist fights that developed in downtown Montevideo, the aftermath of Sunday's general election was stamped with the smell of barbecued food and the sounds of music lasting through the day and into the night just as had occurred for most of the campaign.

The bubbling enthusiasm is the result of a political rediscovery. Sunday's presidential, congressional and municipal elections have marked the end of 11 years of military rule in a country that before the 1973 coup has gained an international reputation as one of the most democratic nations in Latin America.

The atmosphere in Uruguay today is in striking contrast to the situation earlier this year when a new clampdown on press freedom, the harsh break up of demonstrations, and the imprisonment of political leaders suggested that General Gregorio Alvarez, the military president, had no real intention of giving up power.

The turnaround in government attitudes came at the beginning of August when the military managed to get the approval of two of the country's three major political groupings, the centrist Colorado Party and the left-wing coalition the Frente Amplio (Broad Front) for a staggered transition to democracy.

The armed forces agreed to hold Sunday's elections on the condition that they retained a limited role in the future regime as members of an advisory national security council. At the same time the handover of power was fixed for March 1, and the reform of the country's militaristic constitution postponed for 15 months.

The victory on Sunday of Colorado leader Sr Julio Sanguinetti owed much to the fact that he was the main civilian architect of this historic compromise. Sr Sanguinetti was particularly successful in projecting an image of political knowhow and moderation.

By contrast, both the Frente Amplio and the centre-left Blanco party campaigned with a pledge of radical reforms in the banking and agrarian sectors, and an amnesty for political prisoners. The Frente tried to steer away from inflammatory rhetoric and Marxist symbols

Nevertheless, the Frente's failure to win the municipality of Montevideo or to overtake the Blancos as the second major political force in the country showed that its links with the pro-Soviet Communist Party still alienates a large part of Uruguay's substantial middle class.

The Blancos, who only a few weeks ago seemed the clear favourites to win the election, had the wind taken out of their sails by the imprisonment of Sr Wilson Ferreira Aldunate, their charismatic leader.

"Wilson" saw his stature grow into mythical proportions during a ten year exile because of his vociferous attacks on the military regime. The tension and euphoria which surrounded his return to Uruguay in June was an important catalyst for the military's subsequent liberalisation.

Nevertheless, the Blancos' poor showing in the elections seemed to confirm the view held by his opponents that much of Wilson's support would evaporate once he was back in the country

For even though the Blanco Party fielded a surrogate candidate in the person of Sr Alberto Zumaran, a little known human rights lawyer, their campaign had as its main ammunition posters and taped televised appearances of Wilson.

The effectiveness of Uruguay's political opposition should not be underestimated however. As has occurred in previous elections, no single political party has emerged with a commanding majority, so that Sr Sanguinetti will find it very difficulty to govern unless he takes the opinions of the Frente and the Blanco Party into account.

The incoming government's room for manoeuver is severely limited by the difficult economic situation inherited from the military regime. An agreement with the International Monetary Fund was suspended earlier this year when the outgoing government failed to meet its budget deficit target.

Real salaries have fallen by 50 per cent since 1973 while unemployment has risen to a historic high of over 16 per cent. Inflation is running at an annual rate of over 70 per cent.

On the external front, Uruguay's foreign debt of $4.6bn is one of the highest in per capita terms on the continent, equivalent to 78 per cent of GDP and five times annual export earnings.

The dilemma facing Sr Sanguinetti is a familiar one to any president that has taken over from a long period of authoritarian rule—how to reconcile the expectations generated by the elections with the need to put the country's economic house in order.

But as the election euphoria dies down, Sr Sanguinetti must know that he will have to tread extremely carefully in the coming months.

Unlike their Argentine counterparts, the Uruguayan military has not been defeated in a Falklands War nor unleashed the wrath of wide sectors of the civilian population on account of the "disappeared." There has been torture and imprisonment in Uruguay on a large scale over the last 11 years but the human rights record is still not nearly as blotted as across the River Plate.

Thus the military are withdrawing from a position of relative strength and are liable to remain ever watchful of Sr Sanguinetti's performance. However, the overriding feeling among political analysts in Mintevideo is that perhaps the most positive aspect of the elections is that they confirm a trend in the region away from military governments towards democracy.

As one hardened Uruguan democrat put it, perhaps somewhat over-optimistically, "the era of the sabres is giving way to the era of the vote. Thank God."

Quebec party loses seat

QUEBEC'S ruling Parti Quebecois has lost to the Liberal opposition its 22nd successive by-election since it was first elected in 1976,

A 26-year-old outsider Liberal candidate defeated a local PQ candidate in the working-class St Jacques riding in East Central Montreal by a good margin on Monday. Unemployment, schools, and other local issues figured in the campaign. However, the split within the provincial Government of Premier Rene Levesque over whether the next election should be fought on the independence issue almost certainly played a major last minute role.

Canada launches drive to attract foreign investment

BY W. L. LUETKENS

CANADA will actively seek foreign investment under its new Progressive Conservative Government, Mr Robert de Cotret, the minister heading the Canadian Treasury Board, said in an interview in London.

"You're welcome," was the message to foreign investors he said.

Mr De Cotret has come to Europe to spread that message in the financial and economic community as well as among governments after a period of Liberal government in Ottawa during which the Federal Government took a carping attitude towards direct foreign investment.

Legislation is about to be tabled in the Canadian Parliament to transform the Foreign Investment Review Agency which has the job of examining proposed inward foreign investments for the benefit it has brought to Canada. If no significant benefit could be established, the Cabinet had the power to disallow the investment.

The agency is to be known as Investment Canada.

Caribbean to discuss Nato link

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

THE ESTABLISHMENT of formal defence links between the mini-states of the Eastern Caribbean and countries of Nato are to be discussed at talks in Barbados this week. They will be lead by Brig Rudyard Lewis, commander of the Barbados Defence Force.

The talks follow informal contacts between interested governments at the conference of the Organisation of Eastern Caribbean States held in St Lucia last week.

This week's talks centre on the degree of collaboration there should be between the proposed Regional Security Service (RSS), mooted by the U.S. and Barbados governments, and other big powers with interests in the Caribbean.

The RSS is planned to embrace the security forces of Barbados and the Leeward and Windward Islands and to deter international and external threats to the governments of the small and vulnerable islands in the area.

The idea stems from the Eastern Caribbean Defence Community established in 1979 and has been strenuously canvassed by the U.S. Government since the Grenada crisis last year.

The project has been criticised by several governments of the area, notably that of St Vincent and Trinidad and Tobago.

Mr James Mitchell Prime Minister of St Vincent ,has said that the region could not afford larger defence expenditures while its populations were in need.

Mr Mitchell has also threatened to withdraw Vincentian policemen from the U.S.-led force stationed in Grenada.

Despite initial difficulties the Reagan Administration is seeking support for the RSS from Britain and Canada

Bomb blast at U.S. embassy

A BOMB exploded outside the U.S. embassy in Bogota on Monday afternoon, killing one woman and wounding six men, all Colombians, writes Sarita Kendall in Bogota.

No group has claimed responsibility but the attack has been widely attributed to Colombian drug trafficking gangs.

The embassy recently stepped up security after receiving threats to kill Americans if the extradition of Colombian citizens wanted for trafficking and money laundering in the U.S. went ahead.

Several extradition orders have been approved by the Colombian Government, Pakistan's Habib dynasty

Keeping it in the family

A broadly based family management has replaced an autocracy. John Elliott reports.

"YOU SHOULD review your relationships every three to five years so you can adjust, rather than fighting later," says Rafiq Habib, one of Pakistan's new younger industrialists.

He is referring to the problem faced by many family companies in developing countries of how to move away from a benevolent form of managerial autocracy, run by the founder or a key elder figure, when younger relations want some freedom.

Rafiq reckons the Habibs, with nearly 50 family members actively involved in over 100 compaines, have successfully loosened the reins of central direction. They have also relaxed conventions about cross-financing between the family's five main business branches and appear to have avoided fierce family quarrels that can break out over ownership and prestige when a major figure dies.

The Habibs are a famous business family on the Indian subcontinent. They founded the Habib Bank in Bombay in 1941, and moved it to Karachi in 1947 when Pakistan separated from India after independence.

Now five branches of the family, each started by a son or daughter of the founder, Habib Ismail, run a growing number of industrial and commercial companies employing over 15,000 people.

The bank still operates abroad under Habib family control as Habib Bank AG Zurich. In Pakistan it still carries the Habib name, even though it was fully nationalised in 1974. It was the cornerstone of a commercial and industrial empire including insurance, jute and textiles, much of which was nationalised in the early 1970s when the then Bhutto government set out to quell the power of Pakistan's 21 major families.

Along with other families the Habibs were losing businesses for the third time—in the previous 15 years they had been ousted from Burma and Bangladesh after it separated from Pakistán.

The scars of those blows to entrepreneurial enthusiasm still hinders Pakistan's industrial development.

Many of the families invest abroad rather than in Pakistan and even the Habibs seems to keep their personal financial commitments low, relying heavily on borrowed money for new projects.

This is partly why family businesses are not usually linked up in formal groups (legal and taxation requirements also deter formal groups). The families want to avoid the risk, for example, of their engineering or textile interests being nationalised accidentally in a government take-over of, say, sugar or cement industries.

It is these fears of nationalisation, plus the need to relax central control in expanding families, that has influenced the devolved form of ownership and management that the Habibs have adopted both within and between the five family branches.

The branches are known by the names of the four sons and one daughter of Habib Ismail — Ahmed Habib, Dawood Habib, Mohammed Ali Habib which Rafiq runs, Gulam Ali Habib and Sakina Haji Mohammed. Each of the branches is now run by Ismail's grandchildren.

Rafiq, one of four brothers in his branch, is chairman of 15 public limited companies and a dozen other industrial units. He has a turnover of about £120m a year. The businesses include a major foundry (see accompanying article), automotive components, gypsum and stramit board, cement and paper sacks. He also has an agreement with Toyota to produce its cars in Pakistan, but needs government clearance and is talking to Sumitomo about a Dunlop tyres plant.

Four of his companies have been successfully floated on the Karachi stock exchange in the past year.

The two biggest of the five branches are Rafiq's and the Dawood branch, which includes a new joint venture with the Pakistan Government called Al-Ghazi to produce Fiat tractors, as well as sugar mills, particle board and glass container factories and various textile businesses.

In Rafiq's branch, two of his brothers are involved in running the family's Zurich-based bank, and the third heads engineering and gypsum interests. All the businesses within the branch are run as separate enterprises, in line with the family's philosophy.

The most significant devolution, however, has taken place in the central family control and financial relationships linking the different branches as individual members have wanted to make their own mark.

Until two years ago there was a joint family council of one representative from each branch which set overall trends and had an affective veto on new projects and other major decisions.

"Ten years ago we met monthly, five years ago twice a year, then once a year. Now there are no formal joint meetings. So instead of taking projects to the council I'll circulate details and meet them individually," says Rafiq. This means that other members of the family have influence but no veto.

Rafiq Habib: other family members have influence by no veto

Until this year, the different branches also invested in each other's ventures, with the main promoting branch putting up perhaps only one-third of the privately-raised capital. That rule is now relaxed.

More informal links have also changed. About 20 years ago all branches were run from one building where the main family members met daily for lunch. Later they gathered every Friday after Muslim prayers for lunch at the offices of Habib and Sons, the family's old cotton company and flagship.

But the late ex-president Bhutto stopped that when he made Friday a weekend holiday in 1977. "So we don't go to the office after prayers any more and there is no lunch. In any case, imagine trying to do it with all the 44 members of the family now active in the business — it wouldn't be quite the same," says Rafiq.

The economics of utilising second-hand plant

RAFIQ HABIB estimates that about 40 per cent of all the equipment in his 25 factories has been imported second-hand during the past 13 years since he first accepted some jute factory equipment from a bankrupt Belgian company in part payment of debts.

His purchases have included more jute mill equipment from the UK and a complete modern foundry from Greece. Last November he bought a mass of machinery worth £5m from International Harvester's Bradford factory in the UK for about £500,000 during an impulse-buying spree which was sparked by extremely low prices.

Since he started changing the economics of his investments by paying only second-hand and knock-down prices, the recession in Europe has led to a massive increase in exports to developing countries of complete redundant factories and individual items of surplus equipment.

On the Indian subcontinent two of the most dramatic examples are the planned transfer from the UK of BL production lines for the Ital car to Lahore in north-east Pakistan and the Rover car to Madras in southern India.

On a smaller scale, facilities for Pakistanis living abroad to send machinery home with special duty and tax concessions has attracted major industrialists such as Rafiq Habib, and smaller businessmen setting up garage-sized engineering workshops.

"Our problem is that the Pakistan market is too small, so we need to bring down our costs by buying second-hand machinery to make projects viable. Otherwise we could not compete with imports from Japan or China," says Rafiq, who is one of a small number of Pakistani industrialists starting major projects in the country.

"We have no existing engineering industry in Pakistan and, just as we are getting into it, the Japanese are swamping the market worldwide.

"Here we can't compete with Suzuki's Japanese radiators (for a new car factory in Karachi) at £23 delivered including duty, or with a mass delivery of ½m shock absorbers. One Japanese factory I've been to does 23m shock absorbers a year—we might do ½m or 1m."

It is those economics which Rafiq is trying to challenge, especially with a project called Baluchistan Foundry which produces ferrous castings for pipe fittings and automotive parts.

The foundry is located in an industrial suburb of Karachi called Hub, just across the city boundary in Pakistan's eastern desert province of Baluchistan where investments attract taxation, import duty and other concessions.

It was conceived in 1980 as a £3.8m project to produce pipe fittings, all of which used to be imported into Pakistan. It increased by £1m when it was expanded to produce automotive castings and by about £750,000 because of a decline in the value of the Pakistan rupee against the dollar.

With the help of a British foundry consultant, KEI of Buckinghamshire, a bankrupt but extravagantly equipped foundry was located in Greece, outside Athens. After two years' delay caused by negotiations with Greek authorities involved in the bankruptcy, the foundry was shipped from Greece in 1982 and entered trial production at the end of last year.

It took four months to strip the equipment — much of it British — out of the Greek factory. A UK-made 50-metre long, 12 foot high, heat treatment furnace only a year old was cut into three sections for shipping to save destroying its virtually new brick lining. Three large furnaces that had been assembled in the factory were taken to pieces. Other equipment shifted included 10 indexed threading machines and two grinding machines.

Problems included availability of spare parts, delays caused by refurbishment being carried out in Pakistan instead of the European countries of origin, and local delays. "Time is zero in this country—a four week delivery here is four months on engineering construction," said one of the British consultants.

But the economics remain. The installed cost of the equipment is estimated at only about 25 to 30 per cent of the £9m to £10m cost of new equipment, although the company estimates that extra costs and delays can bring the total up to 30 to 40 per cent.

It is these economies that Rafiq Habib hopes will make him internationally competitive. "China is discounting 54 per cent on pipe fitting list prices, but in two years Baluchistan Foundry should be able to compete and export pipe fittings made in Pakistan," he says.

Marketing managers

The missing generation

IN FIVE years' time there will be a dearth of top quality marketing managers.

This gloomy view was given to delegates at the 25th anniversary conference of the Marketing Society in London last week by Keith Holloway, group director of Watney Mann and Truman, the UK brewers.

"The recession and the subsequent attack on company overheads has had a savage effect on the number of people employed in marketing," he said. "Facts are very difficult to obtain but the opinion of senior marketing people I have spoken to is that the size of most marketing departments has been reduced by between a third and a half."

Holloway added that many of the cuts had come at junior management level. "So the opportunity for bright young people to take up marketing has been greatly reduced," he said, which pointed to a "desperate shortage" of senior management in a few years.

The danger of this policy, he maintained, was that marketing, having come so far in a quarter of a century, may go into reverse. His concern was supported by Stephen King of the J. Walter Thompson advertising agency:

"In some instances, I find we're coming back towards a situation that existed when I first worked at JWT in the late 1950s, when the agency wrote the clients' 'marketing' plans."

King also suggested that the cuts in marketing professionals had come at an inappropriate moment. "One of the things that does concern me is that just as companies are getting their market data sorted out on to their computers, they are cutting down on the people who might usefully analyse their data," he said. "As a result these vast stores of potentially useful information are often being used for little more than telling managements what last month's market share was."

The failure of companies to consider a marketing approach in more depth had led, suggested Holloway, to increased import penetration, reduced exports, business failures and higher unemployment. "We know that marketing has not always found it easy to take root in British business and is still, in many instances, growing in shallow soil. It is perhaps a more fragile plant than we realise."

David Churchill

Business courses

Pensions in 1985, London. 22-23 January. Fee: £300 + VAT. Details from the Financial Times Conference Organisation, Minster House, Arthur Street, London EC4R 9AX. Tel: 01-621 1355. Telex: 27347 FTCONF G.

Advanced selling skills for bankers, London. January 8-10. Fee: £395 + VAT. Details from D. C. Gardner and Company, 5-8 Bartholomew Place, London EC1A 7HH. Tel: 01-606 7644.

Interpersonal skills for general managers, London. January 27-February 1. Fee: £950 (residential). Details from the Registrar, London Business School, Sussex Place, Regent's Park, London NW1 4SA. Tel: 01-262 5050. Telex: 27461 LBSKOX G.

International marketing management conference, Brussels. January 28-30. Fee: Non-members BFr 53,000: Members (AMA/I) BFr 48,000. Details from Management Centre Europe, rue Caroly 15, B-1040 Brussels. Tel: 32/2/516.19.11. Telex: 21.917.

Current research in management, Herts. January 3-4. Fee: ATM members £115 (residential); non-members £138 (residential). Details from Marguerite Greatorex, Association of Teachers of Management, Polytechnic of Central London, 35 Marylebone Road, London NW1 5LS. Tel: 01-486 5811 ext 259.

Corporate planning in practice, Henley. January 27-February 1. Fee: £790 (residential). Details from the Short Courses Secretary, Henley—The Management College, Greenlands, Henley-on-Thames, Oxon, RG9 3AU. Tel: 049-166-454. Telex: 849026 Henley G.

UK NEWS

'Joint strategy' vital in battle against inflation

BY PHILIP STEPHENS

SUCCESS in the fight against inflation is not enough to ensure the revival of Europe's economies, and governments must adopt a common strategy to combat the "growth sclerosis" afflicting Europe, Mr Willy de Clercq, Belgium's finance minister, said yesterday.

Mr de Clercq, the present chairman of the International Monetary Fund's Interim Committee who will join the European Commission in January, gave a warning that hopes in Europe for sustained non-inflationary growth could be met by "sustained non-inflationary stagnation."

He told a conference of businessmen, organised by the International Herald Tribune, that he hoped the Commission would adopt a five-point strategy to boost growth.

The first priority would remain a vigorous counter-inflation policy, through sound monetary, budgetary and wage policies.

De Clercq: concern'.

That, however, must be coupled with a series of measures to bring the underlying performance of European economies into closer conformity with those in the U.S. and Japan.

Those would include:

● A redistribution of national income in favour of profits, through lower wage increases, lower and simpler taxes, and the removal of government red tape;
● Removal of rigidities in the labour market that hamper innovation and entrepreneurial activities. That would include the removal of restrictions on working time and efforts to align wage rates more closely to output;
● Greater progress towards economic integration in the European Community through the removal of trade and other barriers to competition;
● Efforts to bridge the "technological gap" between Europe on one side and Japan and the U.S. on the other.

Foreign BT investors attacked

BY IVOR OWEN, POLITICAL STAFF

BANKERS and brokers in Switzerland and the U.S. were seeking to cash in on the undervaluing of shares in British Telecom by using methods that would be illegal in the UK, Mr Roy Hattersley, the deputy Labour Party leader, alleged in the House of Commons yesterday.

He said they were "buying forward" and offering 40 per cent above the part-paid issue price of 50p a share. Applications for shares close today.

Mr Hattersley called on the Prime Minister to estimate how much money was going to be lost by the British taxpayer through this latest example of the "bungling" of a flotation by the Government. Mrs Margaret Thatcher replied that the Exchequer would "have its money" by virtue of the issue having been underwritten.

She told Mr Hattersley, "What you cannot stand is the success of the British Telecom flotation."

Mr Hattersley said the Prime Minister's reply indicated that she either did not understand the law or was careless of its application. He emphasised that the practice he had described would be illegal if operated by British speculators.

He demanded: "Why do you condone, indeed boast about, a practice which would be illegal if operated here?" The Prime Minister retorted that Mr Hattersley was well aware that anything that was illegal in the UK would be dealt with in the courts "totally and utterly impartially."

Mrs Thatcher maintained that Mr Hattersley's real reason for condemning the privatisation of British Telecom was that he did not want to see more extensive share ownership in Britain.

● British Telecom shares are expected to go to a premium of over 20p when dealings begin next Monday, Allison Hogan writes.

Strong demand is expected from institutional investors, who are still hungry for shares after the initial placing of 1,428m shares worth £1.857bn. They expect to pick up very few shares in the allocation of the remaining £1.52bn worth of shares on offer to the UK public and to BT employees, because of the overwhelming interest from private investors.

"The first day dealings could be quite dramatic. The only sellers are likely to be foreign as many UK investors will not know their level of allocation," one institutional investment manager said.

BAe wins Harrier update contract

By Michael Donne

BRITISH Aerospace has won a £200m contract from the Royal Navy for a "mid-life update" of the Sea Harrier jump-jet combat aircraft fleet, including provision of a new radar and a new missile system.

The Royal Navy has 57 Sea Harriers in service or on order, and it is understood that all will be fitted with the new radar and missile system. Work will start soon, and is expected to be completed before the end of the decade.

The Sea Harriers designed for use from the anti-submarine aircraft carriers Invincible, Illustrious and Ark Royal, will be fitted with the new Ferranti Blue Vixen advanced radar.

In addition, the aircraft will be capable of carrying the new Advanced Medium Range Air-to-Air Missile (Amraam), now being developed in the U.S. by Hughes Aircraft for Nato.

The first users in Europe of the Amraam will be the Royal Navy, followed by the West German air force and the British Royal Air Force.

The Sea Harriers, to be called FRS-2s on completion of the update, provide the fleet with a much improved air defence capability.

The work will be carried out by BAe, the original manufacturer

£20m deficit fails to dent TV-am optimism

BY RAYMOND SNODDY

THE ACCUMULATED deficit of TV-am, the commercial breakfast channel, will reach £20m by the end of this year and shareholders are unlikely to see any real profits in 1985.

The channel's first year on air saw a loss of £12.2m, with a further write-off of £5.7m incurred before January 1983. In the current year the company's financial position has improved but a loss of £2m to £3m is expected.

Mr Bruce Gyngell, TV-am managing director, said yesterday, however: "The light at the end of the tunnel is no longer the light of an express train rushing towards us. It actually is daylight."

Since July 1983 the weekly audience reach figure had risen from 4.7m to 11.2m this month and the average advertising rate had risen from £200–£300 a minute in the station's darkest days to an average that was now between £3,500 and £4,000 a minute. A new rate card from January would produce an average of around £5,000 a minute.

The company was trading at a profit at the moment although this was a strong period of the year for advertising.

Mr Ian Irvine, a director of TV-am and managing director of Fleet Holdings, the largest TV-am shareholder, said yesterday: "I hope that through the franchise period it will be a profitable investment."

He admitted that it would take most of the franchise period, which expires in 1991, to pay off the total deficit. Costs continue at about £18m a year

The station plans to expand its news and current affairs coverage "I was horrified by our news service when I first came. I think it was vastly inadequate", Mr Gyngell said yesterday.

The turning point at TV-am, Mr Gyngell believes came with the channels decision not to cover the Olympic Games. The company was able to hold its revenue and its audience while saving most of the £300,000 the coverage would have cost.

Large business park planned near Heathrow

By Joan Gray

A £75m international business park close to Heathrow Airport, London, is to be developed by Stockley and financed by the Universities Superannuation Scheme (USS).

Stockley Park is expected to attract multinational companies, particularly computer, electronics, telecommunications and pharmaceutical groups, and to create 4,300 new jobs when completed.

The project, located on a 340 acre site by the Grand Union Canal, near the interchange of the M4 and M25 motorways, will have an initial phase of a 1.5m sq ft development, comprising 500,000 sq ft of buildings, and will be financed by the USS at a cost of approximately £50m.

The USS is also subscribing to a £25m debenture issued by Stockley to be used by the company for the remainder of the project infrastructure.

UK NEWS

New capital-raising methods of banks come under scrutiny

BY DAVID LASCELLES, BANKING CORRESPONDENT

NEW METHODS used by banks to raise capital and boost the volume of business that does not appear on their balance sheets are coming under close scrutiny from international bank supervisors.

The likelihood that bank regulatory practices will have to be changed to take account of them was raised by Mr Peter Cooke, the head of supervision at the Bank of England. Mr Cooke, who also chairs the Basle Committee of international bank supervisors, was addressing a meeting of banking officials in Kathmandu, Nepal, last week.

The Bank of England this week released the text of his speech, which foreshadows a discussion paper on UK bank capital now in the final stages of preparation at the Bank.

Mr Cooke said banks were raising more loan capital, as opposed to equity. Many countries allow them to count some of it as capital when calculating capital ratios, the amount by which a bank can "gear up," even though it is not as good as equity.

However, Mr Cooke said the Bank was worried about "trigger clauses" in many loan capital deals that allow investors to demand repayment if a bank gets into trouble, and is considering whether to continue to allow them. Such clauses, he said, "can have the effect of requiring payment of this element of capital just when it is most needed."

Mr Cooke also said the UK authorities might give "greater recognition" to perpetual subordinated debt, although it could never replace pure equity. Several UK banks, including National Westminster and Barclays, have issued that kind of debt – which never has to be repaid – and in some cases there is provision for it to be converted into equity to cover heavy losses at a bank.

The U.S. has got round some of these difficulties by introducing two definitions of capital, primary and secondary. Mr Cooke praised the system and hinted that it might be used in the UK. "I am attracted by the prospect of the more qualitative assessment of capital which it offers."

He is clearly concerned, however, about the recent rapid growth in business off balance sheet, particularly the growing Euromarket practice where banks guarantee to lend to companies that have difficulty in issuing short-term paper in the money markets. Such commitments, which can be for seven to 10 years, are sometimes called revolving underwriting facilities

STATE HAS 'FULL COMMITMENT' TO PROTECTING MARINE ENVIRONMENT

Nuclear dumping at sea to halt

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITAIN is expected to abandon dumping radioactive wastes in the Atlantic, after a joint Government-TUC review of the annual nuclear industry sea dump.

It is understood that the review body, under the chairmanship of Professor Fred Holliday, vice-chancellor of Durham University, does not come out sufficiently strongly in favour of the sea dump to justify its retention.

Prof Holliday's report is to be published next month, Sir Peter Harrop, second permanent secretary at the Department of the Environment, said in his opening address to the radioactive waste management conference of the British Nuclear Energy Society in London yesterday.

Sir Peter said Britain was fully committed to protecting the marine environment.

He believed that with the extra investment proposed by British Nuclear Fuels this summer it should be possible to ensure that radioactive discharges from the Sellafield factory in Cumbria do not exceed current levels, even with a big build-up in nuclear energy in Britain.

Sir Peter told about 300 delegates that the Government would shortly publish the guidelines by which it proposes to judge plans for the siting of new land-based nuclear waste dumps.

His own department was looking "well into the next century" in making its forecasts of the amounts and the kinds of nuclear wastes Britain will accumulate.

Its general conclusion was that future difficulties were "unlikely to be qualitatively different from those we can see".

Britain has been sea dumping about 200–300 tonnes a year of radioactive waste contaminated with traces of long-lived radio-isotopes such as tritium and plutonium.

Such waste, embedded in 10 times its own weight of concrete shielding, will have to be stored at the new sites together with other kinds of nuclear waste from the medical, defence and nuclear electricity industries.

Prof Paul Matthews, chairman of the Government's Radioactive Waste Management Advisory Committee, disclosed the end of sea dumping in answer to a delegate's question.

Prof Matthews said, however, that even by the end of the century, when Britain would be producing about 30 per cent of its electricity from nuclear stations, the total accumulation of nuclear wastes would be only the same weight as "about a week's spoil from the coal mines".

Prof Matthews said the issues of nuclear waste management were "almost exclusively political". Political activity was barring access to information the nuclear industry needed to design its repositories.

Judge may fine second union at Austin

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A HIGH COURT judge in considering whether to fine the white-collar section of the Amalgamated Union of Engineering Workers for its alleged contempt of court in connection with the Austin Rover strike, which ended last week.

The Transport and General Workers' Union was fined £200,000 on Monday for contempt of court. The fine was imposed because the union failed to comply with an injunction ordering it not to encourage its members to strike at Austin Rover. The union was given 14 days to pay.

Mr Justice Hodgson said yesterday that he would probably give his ruling on Friday on Austin Rover's claim that Tass – the technical, administrative and supervisory section of the Amalgamated Union of Engineering Workers – deliberately ignored a court order to call off the strike by its members.

Earlier yesterday the company had agreed that the injunctions made on November 6, to withdraw strike instructions and not to call a strike until one had been supported by a majority of the union's members in a ballot under the 1984 Trade Union Act, should be discharged.

However, Austin Rover pressed for a contempt penalty, saying that Tass had taken a conscious and deliberate decision that it was not bound by the order while it was in force.

Mr Stephen Sedley, QC, for Tass, said the union had not officially endorsed the strike call by the union side of the joint negotiating committee at Austin Rover. It could not, therefore, be punished.

Dry North Sea wells may give cheap electricity

BY MAURICE SAMUELSON

EXHAUSTED North Sea oil or gas wells might still contribute to Britain's energy needs by being turned into a modest source of cheap electricity as a result of an £8.7m project being proposed to the oil industry by a small, Lancashire-based company.

Submersible generators would produce electricity on the seabed using geothermal heat extracted from wells sunk by the offshore oil industry.

The project has been designed by Total Energy Conservation and Management (TECM) of Skelmersdale, whose chairman, Mr George Lockett, hopes to have its first working model in 18 months.

Unlike other geothermal projects, in which two adjacent boreholes are used to circulate the heat from beneath the earth's surface, the TECM system requires only a single borehole, similar to those drilled by oil rigs.

One of the projects TECM is discussing with the oil industry involves installation of a submersible generator on a well-head that is about to be abandoned. It could produce 2.5 megawatts of electricity for sale to the national grid.

TECM said it had a record of all the holes drilled by the UK oil industry, both on land and offshore. It prefers deep-sea wells situated where the earth's crust is thin and where the least drilling is required to reach high temperatures. The cold water also absorbs the generator's exhaust heat.

Mr Lockett said his company already had "a substantial proportion" of the £8.7m cost of developing a 2.5 MW generator and that the balance would be arranged soon.

He said the attractiveness of the scheme had been enhanced by last year's Energy Act which, for the first time, gave legal backing to private companies wishing to generate electricity as their primary business.

● The Government is considering ending its financial assistance to companies that switch to coal from oil or gas.

The Department of Energy said it would like the scheme to continue beyond this year, when it is due to be cancelled or renewed. It has not yet, however, convinced other government departments, including the Treasury, that it is still justified despite the miners' strike.

Mr Peter Walker, Energy Secretary, said last month the strike had deterred more than 1,000 companies from switching to coal, even though it remained "very competitive" with other industrial fuels.

In the past three years the Government has made £75m available to cover up to 25 per cent of approved costs of converting boilers and furnaces to coal.

If completely utilised, it would have raised the industrial coal market by 3m tonnes a year.

Because of the miners' strike only £60m has been taken up, and there is no chance that the balance will be allocated by the end of the year.

Coal board officials, who want the scheme extended, argue that even during the strike some businesses have switched to coal and that, apart from the electricity, steel and aluminium industries, the board has kept up its supplies to industry at 85 per cent of last year's level.

Radioactive clean-up at closed naval base

BY OUR SCIENCE EDITOR

THE ROYAL Navy's nuclear submarine base at Chatham, Kent, is to be dismantled by Northern Engineering Industries in the first substantial contract for nuclear clean-up operations to be given to the private sector in Britain.

The £600,000 contract has been awarded to NEI Nuclear Waste Technologies of Gateshead, by Rolls-Royce and Associates, the defence company that has "cradle-to-grave" responsibility for the Navy's nuclear propulsion systems.

Chatham has been closed as a submarine refit base with the commissioning of the Navy's £50m facility serving its hunter-killer submarine fleet at Devonport.

Mr John Bennett, chief executive of NEI Waste Technologies, says he expects the contract to occupy about 20 people at Chatham for the next year.

His task is to free the dockyard of all nuclear contamination picked up in the 20 years during which it has served as a nuclear submarine base.

Radioactive components and materials will be packaged by NEI and handed to the Ministry of Defence at Chatham, which will take responsibility for their disposal.

Mr Bennett said his company won the contract in competition with several other UK companies, forming a newly emerging sector of the nuclear industry dealing with nuclear wastes.

The contract includes the decommissioning of engineering and laboratory facilities used by Rolls-Royce and Associates to remove the used fuel core of nuclear submarines, and refuel the reactor.

No nuclear fuel is involved, however, since the Navy despatches all used submarine fuel to the Sellafield factory of British Nuclear Fuels, in Cumbria, for storage in its own used fuel pond.

NEI Waste Technologies is jointly owned by NEI (55 per cent), PPC Consultants and Chem Nuclear Systems of the U.S., specialists in decontaminating radioactive materials.

Mr Bennett said he hoped the nuclear waste treatment business would grow fast enough to absorb some of the engineering effort now becoming redundant with the end of NEI's reactor orders.

Stricter rules planned for whisky labelling

GOVERNMENT proposals to strengthen the labelling requirements for Scotch whisky have been welcomed by the Scotch Whisky Association, Lisa Wood writes.

The association, however, has expressed disappointment that the Government is unable to introduce a legal minimum strength of 40 per cent alcohol, which has been the normal strength of Scotch whisky for about 70 years.

Under-strength whiskies have an estimated 5 per cent share of the UK whisky market. Although suppliers of under-strengths are legally obliged to mark the product as such, traditional Scotch whisky suppliers complain that labelling is not always conspicuous and can lead to consumers being confused.

Mr Michael Jopling, Minister for Agriculture, Fisheries and Food, said he had withdrawn earlier proposals for new whisky regulations because he had been advised that it would not be appropriate to use food legislation to impose a minimum strength requirement.

"We are, however," he said, "considering ways and means of improving the labelling requirements for under-strength spirits and we expect to make fresh proposals on this matter shortly."

Mr Jopling said he was also continuing to press for progress in the EEC Council of Ministers on the proposal for a Community regulation defining spirits, which includes a requirement that Scotch whisky should not be less than 40 per cent alcohol by volume.

Figures published by the Scotch Whisky Association show exports for the first 10 months of this year to be 1 per cent up on the same period of last year.

□ BIG TOUR operators may have to re-examine their prices for next year, according to British Airways Holidays, which includes Sovereign and Enterprise. Its 1985 holidays have average price increases of about 12 per cent in a marketplace where increases have been up to 20 per cent.

British Airways said it believed the market would not bear increases of 18–20 per cent and it had cut costs by reducing advertising plans by £1m and combining the Enterprise and Sovereign brochures.

□ HOUSE REBUILDING costs rose on average by 5.1 per cent over the 12-month period to September 1984, according to figures released from the British Insurance Association.

□ MR JIMMY DUNBAR, the director of British Steel's Ravenscraig steel mill in Scotland, is to take over as chief executive of the troubled North British Steel castings company in Bathgate, near Edinburgh.

His appointment follows the financial restructuring of the company after heavy losses in the last two years.

□ MARKS & SPENCER, the retailer with the largest sales volume in the UK, announced that its first out-of-town store was to be at Gateshead, North-east England. The store, due to open in 1986, will be in a new £50m centre, which will be the largest out-of-town shopping complex in Britain.

□ THE UK helicopter industry, including both operators and manufacturers, is seeking a new site in central London for a heliport to allow regular flights with minimum noise disturbance.

That was disclosed by Captain Eric Brown, chief executive of the British Helicopter Advisory Board, who announced a campaign to improve the public image of the helicopter and its role in modern transport.

Pilkington opens energy-saving glass factory

BY LORNE BARLING

PILKINGTON GLASS, the company based at St. Helens, Lancashire, that dominates the UK glass industry, has invested £7m in a plant to produce a new energy-saving product called Kappafloat.

Kappafloat, a coated glass, has been developed by the company over the past 10 years and is said to improve insulation by up to half over ordinary double glazing.

The glass is coated with selected metals and metal oxides in a vacuum chamber, under carefully controlled gas pressures. The finished product lets in heat and light, with the metal coating acting as a one-way barrier, with significant reductions in the amount of heat leaving buildings.

The new factory, at Corby in the Midlands, was opened yesterday by Mr Peter Walker, Secretary of State for Energy, who pointed out that Britain was near the bottom of the European league on energy saving.

Mr Anthony Pilkington, group chairman, said that if the country's stock of single-glazed housing was re-glazed with the new product, it would save the equivalent energy of 5m tonnes of oil a year, or about £900m.

"There is still plenty to be done to bring this country up to world standards, but we need some support from the Government in the framing of building regulations."

Apart from Greece, he said, the insulation standards in the UK were the worst in the EEC.

The new, highly automated plant employs only 28 people and is capable of making 1m square metres of the new glass a year: enough to supply the present UK market with such glass.

However, demand is expected to increase rapidly and the Corby factory will be able to raise output by more than 30 per cent without further investment.

Mr Pilkington said the company had invested £85m this year, mainly in repairing and upgrading existing flat glass plants.

Demand for glass remained buoyant but prices were under pressure, mainly as a result of increasing imports from continental Europe.

Pilkington's first low-emissivity plant was built in Sweden in 1981, supplying the demanding local market, and the product subsequently won a notable building industry award.

Earth movers start to retrench

BY IAN RODGER

A SPECIAL KIND of refugee can be seen near Birmingham this week.

The occasion is the International Construction Equipment exhibition at the National Exhibition Centre, and many of the exhibitors are companies that have been through either bankruptcy or a change of ownership since the last ICE in 1981.

The show is otherwise remarkable mainly for its absentees. Many leading companies, such as J. I. Case of the U.S., J. C. Bamford Excavators of Britain and Liebherr and Orenstein & Koppel of West Germany, have apparently decided that there are too few orders to be had in this deeply depressed industry to justify the effort of exhibiting.

"It is very disappointing, but it is what I expected," Mr John Arkell, managing director of Volvo BM, said. Volvo, a leading maker of dump trucks, is at the show, but is not showing any machines.

Many of those that did come seem to be here mainly to show that they are still in business, albeit under new ownership. Probably the largest single group of refugees comes from the West German IBH group, which collapsed late last year. Many of them appear to be trying hard to distance themselves from IBH associations.

Mechanical excavator industry faces a difficult future

Hymac, for example, the British excavator maker taken over by Northern Engineering Industries, has become NEI Hymac. Its machines are displayed alongside NEI dump trucks and concrete mixers as if they had always belonged.

"We have sold 150 machines since the acquisition," Mr Egan O'Callaghan, marketing manager of NEI Thompson, said. That is nothing like the volumes Hymac had in its heyday in the 1970s when it was UK market leader, but Mr O'Callaghan is not complaining.

"We are in this to make money, not for market share."

Blaw Knox, the UK paving company that was part of Babcock International before being taken over by the IBH associate Wibau, in 1982, has rejoined its original U.S. parent. The group's ICE exhibit features umbrellas proudly proclaiming "Blaw Knox USA."

Maco Meudon, the French compressor maker bought out by its management, has returned to life as Maco, and describes itself as "simply the best." Duomat, the West German compaction equipment maker, is now Ammann Duomat, taking on the name of its new Swiss parent company.

Two other former IBH companies, Hamm and Lanz, are also at the show, but Terex, the big earth-moving equipment group of which the Scottish operations have been bought back by General Motors, is not.

A few months ago, the sight of huge Grove and Coles mobile cranes confronting each other across an exhibition hall floor would scarcely have been noticed. Now they look faintly amusing. Grove, the U.S.-based industry leader, has recently acquired Coles from the receiver of Acrow, the UK group.

"It all happened so fast, and we were all organised for the show, so we just went ahead," a Coles official said.

Nearby, a giant Aveling Barford dump truck testifies to the continuity of this former BL subsidiary, sold late last year to a U.S. entrepreneur.

Diesel engine makers form another big group of exhibitors. "We are just here to support our customers, we never sell any engines at these shows," Perkins Engines said. However, the presence of 19 suppliers also reflects the cut-throat competition now taking place in the business as an increasing number of equipment makers seeks customers for their surplus engine-making capacity.

Engines, though, do not make a construction equipment show. Visitors like to see what they call big tackle, and they like to see it in action. At ICE, there is not much of either.

Nissan UK auctions joint-venture models in bid to cut stocks

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

NISSAN UK has been selling at auction new Cherry Europe models – cars made in Italy by the joint-venture company owned by Nissan of Japan and Alfa Romeo, the state-owned Italian group.

That follows the launch in Britain this month of the Alfa Romeo version of the same car, called the Arna. Alfa's wholly-owned British subsidiary took a very aggressive marketing approach and has priced its version at £425 less than the equivalent model with a Nissan badge.

The Alfa Arna 1.2-litre SL has an "introductory" list price of £4,350 compared with £4,775 for the Nissan Cherry Europe 1.2-litre, even though the Alfa car has more doors – five instead of three.

Nissan UK, a privately owned concern, said yesterday that, as a result of the introduction of the cheaper Alfa cars, the company had decided it did not want to keep substantial stocks of Cherry Europes – particularly as dealers were also holding enough stocks of the Italian-built cars.

So about 200 new Cherry Europes were sold through various auctions. Nissan pointed out that such a method of disposing of excess stock was common in the motor industry and that Nissan UK placed minimum prices on the auctioned cars – "they were not given away."

Despite criticism levelled at the Cherry Europe by some Nissan UK dealers, who were expected to do more pre-sale preparation work on them than Japanese cars normally need, the networks has sold 2,703 this year compared with 2,054 in the same period of 1983.

The Alfa Romeo dealer network desperately needed a new small car to replace the Alfasud, which was dropped from the range last year. As a result, by the end of October Alfa's unit sales in Britain had nearly halved, from 7,094 to 3,715.

Alfa hopes to sell about 1,500 to 2,000 Arnas in the UK next year. The car derives its name from Alfa Romeo Nissan Autoveicoli, the joint company based in southern Italy, which combines a Nissan Cherry bodyshell with the Alfa flat-four engine, transmission and front suspension once used in the Alfasud.

Output of the joint company should be about 30,000 cars this year, of which 6,000 to 7,000 will be exported either to Alfa or Nissan dealer networks outside Italy.

TSB Trust launches motor insurance policy

BY ERIC SHORT

THE TSB TRUST Company, the insurance and investment subsidiary of the Trustee Savings Bank group, is widening its non-life insurance operations by entering the motor insurance market.

Its motor insurance policy will appear next spring underwritten by Royal Insurance (UK). Mr Mike Ramsay, TSB Trust's marketing director, said it would be a totally up-to-date product and priced competitively, but he would give no further details of the contract.

TSB Trust entered the personal non-life insurance market in June 1979 with the launch of its home insurance, buildings and contents policies, which introduced some new concepts into house insurance. The company now has about 160,000 persons insuring either their homes or contents or both, of which about half are in connection with TSB house mortgage loans.

The motor insurance policy, like the house insurance, will be available from TSB retail branches and will not be confined solely to TSB members. The TSB will also use other direct marketing outlets.

This month, the Bank of Scotland became the first clearing bank to offer its own motor insurance contract, also underwritten by Royal Insurance, to customers using its bank network.

BASE LENDING RATES

A.B.N. Bank	9½%	■ Hill Samuel §	9½%
Allied Irish Bank	9½%	C. Hoare & Co. †	9½%
Amro Bank	9½%	Hongkong & Shanghai	9½%
Henry Ansbacher	9½%	Johnson Matthey Bkrs.	10 %
Armco Trust Ltd.	11 %	Knowsley & Co. Ltd.	10½%
Associates Cap. Corp.	10½%	Lloyds Bank	9½%
Banco de Bilbao	9½%	Mallinhall Limited	10 %
Bank Hapoalim	9½%	Edward Manson & Co.	11 %
BCCI	9½%	Meghraj ad Sons Ltd	9¾%
Bank of Ireland	9½%	Midland Bank	9½%
Bank of Cyprus	9½%	■ Morgan Grenfell	9½%
Bank of India	10 %	National Bk. of Kuwait	9½%
Bank of Scotland	9½%	National Girobank	9½%
Banque Belge Ltd.	9½%	National Westminster	9½%
Barclays Bank	9½%	Norwich Gen. Tst.	9½%
Beneficial Trust Ltd.	10½%	People's Tst. & Sv. Ltd.	10½%
Brit. Bank of Mid. East	9½%	R. Raphael & Sons	9½%
■ Brown Shipley	10 %	P. S. Refson	9½%
CL Bank Nederland	9½%	Roxburghe Guarantee	10 %
Canada Perm'n't Trust	9½%	Royal Bk. of Scotland	9½%
Cayzer Ltd.	9½%	Royal Trust Co. Canada	9½%
Cedar Holdings	11 %	■ J Henry Schroder Wagg	9½%
■ Charterhouse Japhet	9½%	Standard Chartered	‖9½%
Choulartons	11½%	Trade Dev. Bank	9½%
Citibank NA	9½%	TCB	9½%
Citibank Savings	¶11½%	Trustee Savings Bank	9½%
Clydesdale Bank	9½%	United Bank of Kuwait	9½%
C. E. Coates & Co. Ltd.	11 %	United Mizrahi Bank	9½%
Comm. Bk. N. East	9½%	Westpac Banking Corp.	9½%
Consolidated Credits	10½%	Whiteaway Laidlaw	10½%
Co-operative Bank	*9½%	Williams & Glyn's	9½%
The Cyprus Popular Bk.	9½%	Wintrust Secs. Ltd.	10 %
Dunbar & Co. Ltd.	9½%	Yorkshire Bank	9½%
Duncan Lawrie	9¾%		
E. T. Trust	11 %		
Exeter Trust Ltd.	10 %		
First Nat. Fin. Corp.	12½%		
First Nat. Secs. Ltd.	12 %		
■ Robert Fleming & Co.	9½%		
Robert Fraser & Ptns.	10 %		
Grindlays Bank ‡	9½%		
■ Guinness Mahon	9½%		
■ Hambros Bank	9½%		
Heritable & Gen. Trust	9½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 6.25%, 1 month 7.00%. Fixed rate 12 months £2,500 £8.75% £10,000, 12 months 9.00.%
† 7-day deposits on sums of under £10,000 6¾%. £10,000 up to £50,000 7¼%. £50,000 and over 8%.
‡ Call deposits £1,000 and over 6¼%.
‖ 21-day deposits over £1,000 7¼%.
§ Demand deposits 6%.
¶ Mortgage base rate.

TECHNOLOGY

EDITED BY ALAN CANE

SWEDEN INVESTS IN AUTOMATION

Road computers

THE SWEDISH National Road Administration is spending £20m on installation of a large computer network which will contain all its engineering, planning and administrative information.

The government funded body is responsible for maintaining and operating the Swedish road network which has about 410,000 km of roads. It also plans, designs and constructs new roads. The main problem for the organisation, employing about 9,000 people, is that it is very dispersed operating on three levels — a central headquarters, 31 regional and road building divisions and more than 300 small teams working throughout the country.

Though some computing systems exist at the Administration's headquarters, it wants to allow the regions and small sites to have access to engineering design and planning information stored on the central computer.

The administration has come to the UK based Butler Cox consultancy for advice on designing and building the system which it believes will take until the end of the decade to complete. The system will have about 90 terminals and about 65 small computers throughout the country. Within each office, users will have the facility for local computing, extracting information from the larger central computer, word processing and the transmission to telex and electronic mail services.

This month, the road authority began discussions with software and hardware suppliers on the finalising the specifications for the systems which will be based on a network of microcomputer interconnected via a communications system.

ELAINE WILLIAMS

EUROPEANS PLAN A RE-USABLE ARIANE ROCKET

How to cut the cost of space flights

BY PETER MARSH

SPACE engineers in Western Europe are considering a winged, re-usable version of the successful Ariane rocket as the basis of the continent's next foray into launch-vehicle technology.

The development would take a lead from work in the U.S. in that the first stage of the new rocket would glide back to earth in the same way as the space shuttles built by the National Aeronautics and Space Administration.

Planners at the 11-nation European Space Agency (ESA) are examining proposals for the new vehicles as a way to cut costs. The recoverable first stage of the rocket would be based on an expensive cryogenic engine which uses a particularly powerful combination of fuels, liquid oxygen and liquid hydrogen.

Due to the costs of developing such engines, ESA planners argue, it becomes useful to consider recovering the devices by bringing them back to earth. This is as an alternative to the conventional strategy of rocket launches in which all the stages of the vehicle are jettisoned after they have pushed a *payload such as a satellite beyond* the atmosphere.

A consortium of industries has just finished a study for ESA on the possibilities of the new rocket, which could be developed by the late 1990s. The consortium included Aerospatiale of France, MBB-Erno and Dornier of West Germany, Britain's GEC Avionics and Aeritalia of Italy.

ESA engineers hope for a decision on building the new launcher within the next year.

According to ESA officials, development of the winged rocket would be more expensive than that of an equivalent expendable vehicle. But because launch costs are reduced, the work would start to cut costs after about 25 flights.

Costs for building a winged launcher based on a recoverable first stage and expendable second stage are put at $2.3bn. In contrast, to develop a new, more powerful version of the current Ariane that is based on expendable stages would require $1.8bn, according to ESA planners.

Launch costs are estimated at $52m for the conventional form of the rocket and $33m for the launcher based on the more novel technology.

Publication of the consortium's study comes at a time when ESA is considering its strategy for the next 10 years. The agency must agree by the end of January whether to co-operate with the U.S. in the latter's plan to build a permanent, manned space station by the mid-1990s.

Already under discussion is a proposal by the French space agency (CNES) to develop a new form of Ariane called Ariane-5. This would have a large, powerful cryogenic engine called HM60 in not the first but the second stage. But, as with the conventional liquid-fuelled engines of the current series of Ariane rockets, the stage would be burnt up in the atmosphere after its fuels are consumed in orbiting a payload.

In today's version of Ariane launchers, the first two stages use engines which burn ultra-dimethyl hydrazine and nitrogen tetroxide.

CNES engineers have proposed for Ariane-5 three possibilities, all of which feature HM60. The least ambitious proposal includes, as a first stage, engines based on those used in the first two stages of the current Ariane.

Other derivatives, says CNES, could use new, solid-fuel engines in the first stage or could dispense with old technology altogether and use HM60 engines in both the first and second stages.

In planning for first-stage recovery, engineers must tackle the aerodynamics of bringing this part of the rocket safely to earth. The velocity of the first stage after its fuels are consumed would be 1.5-2 km/sec. It would be on a ballistic trajectory some 400 km from its launch base at ESA's rocket centre in Kourou, French Guiana.

At this point, small air-breathing engines on the first stage would start up, to guide the vehicle back to the launch pad. These turbojets would operate in much the same way as the engines on any other automatic aeroplane, for instance, the V-1 guided missiles developed by Germany during World War II.

According to ESA workers, to design the craft so it can re-enter the earth's atmosphere safely at this high speed should present no special problem, though expertise in Europe in dealing with this technology is thinly spread.

The winged version of the conventional Ariane will have an expensive cryogenic engine in its recoverable first stage

Terminals

Networking system

DATAPORT MICROSYSTEMS of Tring, Herts., mainly known for its hand-held data communications terminals, has launched a network/polling system that will allow almost any make of terminal, fixed or portable, to exchange information with the company computer (various makes) and a database created by the system.

Called Commstar Information Centre, the system will both take and deliver information from anywhere in the network, including the company computer, queue it if necessary on a twin Winchester disk system and deliver it to the right person at the earliest opportunity. It is essentially an information exchange that enables the full potential of portable workstations to be realised.

Salesmen, for example, can leave their terminal plugged into a dial-up phone line having keyed into it the day's sales orders and any questions that need answering. The terminal will be polled at a specific time, its data extracted and the necessary information from the centre loaded into it, for attention by the salesman when he returns to the terminal.

As well as being an exchange or message switch, Commstar contains database facilities able to furnish all the administration needs of a sales or stock audit department. More on 044282 6634.

Conference

Cellular radio

OYEZ SCIENTIFIC and Technical Services is to organise two conferences on communications subjects soon.

On February 7 and 8 next year a national conference on cellular radio will be held at the London Marriott hotel, specifically looking at the UK scene at about the time the two new services will be starting up. User benefits will be emphasised.

On February 22, a one day event will examine second and third generation private automatic telephone exchanges at the London Hilton. More from Louise Marriott at Oyez on 01-236 4080.

Communications

Data switch

GANDALF TECHNOLOGIES has introduced the PACX 2000, a data switch based on 16 bit microprocessors and designed to handle the networking requirements of intelligent devices and systems dispersed throughout a company.

Portions of the PACX 2000 can be distributed to handle local information exchange on a departmental basis, reducing cabling requirements and saving money.

The system provides a means to link together individual personal computers, terminals, word processors, printers and other devices so that they can communicate with each other.

More on 0925 818484.

Robots

Industrial inspection

THE VIDISCAN robot vision inspection system just launched by Erlebach Engineering is to be jointly marketed in the UK by Bruderer Precious Presses of Dunstable (0582 576167).

Vidiscan takes images from inspecting television cameras and analyses a selected frame in about 20 milliseconds. It can then look for variables such as distance, angles, areas, tones or colours and compare with standards stored in its memory. In this way the system can count, sort and measure to pass or fail products, and can control the manufacturing process.

In measurement mode, the resolution is one in 512, signifying anything from a micron to a metre according to the degree of optical magnification.

The system has two screens, one for alphanumerical information and the other for the image.

THE ARTS

Television/Christopher Dunkley

Living history has few solutions

Just when you are beginning to agree with those who complain that television nowadays consists of little more than soap operas and game shows the dear old box comes up with three documentaries which are so fascinating and so different from anything achieved in any other medium that all your faith is restored.

People To People: Somerstown made at Thames by Richard Broad and Sue Crockford for Channel 4; *Just Like Coronation Street*, also made for C4 by Diane Tammes and Seona Robertson; and ITV's *28 Up* made by Michael Apted for Granada all use the same idea: they took films about people's lives long ago, went back today to discover how their lives had changed, and by intercutting old and new brought to the screen a type of personal history which no history book or learned paper could ever hope to match.

Not only did their vividness and the immediacy of their personal witness produce a powerful impression of history being spoken aloud, there was a wealth of information too in the very accents and above all the tone of the voices, whether it was a precocious seven-year-old saying "Ay read the Faynancial Tames." one of the merry old souls from St Pancras recalling "Goin' and gettin' two penn'orth of liver for the cat' and comin' back and cookin' it fer the kids" or a contented black father complaining to the interviewer "You keep asking if things *worry me*." Mere print could never convey the information contained in those voices and faces.

Londoners Jackie, Lynn and Susan at the ages of seven and 28 in Granada's documentary '28 Up'

28 Up which was shown in two parts lasting 2½ hours is the programme which has attracted all the attention, and there are two reasons for not begrudging that. First, the original *7 Up* programme giving rise to the idea was made by Granada's pioneering and still brave *World In Action* series which is currently being justly fêted for reaching its 21st birthday.

Nor is that Granada's only cause for celebration; Lord Bernstein, president of the Granada Group who formed the television company in 1955 and worked as its chairman until 1971, received the Directorate Award from the U.S. National Academy of Television Arts and Sciences last week and *28 Up* exemplifies the originality and sheer excellence consistently achieved at Granada thanks to the character instilled into the company by Bernstein more than anyone else. It was no surprise that his personal award was accompanied by an International Emmy for Granada's *The Jewel In The Crown*, making this the third year running that the company have won such an award.

The second reason for allowing Granada the glory is that theirs was the only one of the three programmes which was deliberately planned from the start as a long-term project; typical of Granada's thoughtful approach. Working from the old Jesuit precept "Give me a child until he is seven and I will give you the man" the original idea was to film a group of seven-year-olds in 1963 and return in 2000 AD to discover what had become of them in middle age.

As it turned out the original *7 Up* was so successful that Apted (who has himself moved on to become a big name in Hollywood) went back when the subjects were 14 and 21, but those programmes caused nothing like the interest of *28 Up*. The reason, I guess, is that while a seven-year-old is truly a child and a 28-year-old truly an adult there is less to be learned by way of contrast (or similarity) during the intermediate years.

Certainly one of the most striking conclusions after watching the repeat of *7 Up* and then *28 Up* with its clips from the intervening programmes was that while the child is indeed father to the man the adolescent often isn't: we do kick over the traces and depart from our true characters as teenagers, but—mostly—we revert to type later.

The general message of the programme may not have been very heartening (though most of the subjects seemed content) but no doubt it bears out the assumption which prompted WIA to attempt the scheme in the first place: that there is precious little movement between the social classes in British society.

On the other hand *Just Like Coronation Street* and *People To People: Somerstown* showed between them that we can be masters of our own destiny though that mastery can work for good or ill. The programmes were not connected, so far as I know, but they made a wonderful pair. *Just Like Coronation Street* took a 1964 programme (made, once again, by Granada) showing a know-all town planner arranging to have the back-to-back houses of Oldham demolished and the residents stacked up in a brave new world of high-rise flats.

His intentions were admirable enough, but last week's new Tammes/Robertson film showed that the results, if not quite as disastrous as those in some high-rise developments recently chronicled by television have still been pretty dire. For some reason the council planners of the 1960s lacked all the sympathy, imagination and humanity of the voluntary do-gooders from the early 1930s whom we met in *People To People: Somerstown*.

The archive film here, complete with close-ups on the bed bugs before the slum clearance and footage afterwards showing jolly girls playing leapfrog at the residents' summer camp, was the most fascinating of all simply because it was the oldest. Broad and Crockford's programme explained how Somerstown was demolished and redeveloped in the mid'30s a bit at a time so that the residents were never dispersed, how nurseries were incorporated on the roof, and how the leaders of the project insisted on rehousing everyone, "bad lots" included.

On the one hand, the attitude of the project leader, Father Jellicoe (Jelly Belly as the children predictably called him) and his wonderful middle-class lady helpers was so enlightened, commonsensical and successful — I live near the estate today and it seems to suffer none of the high-rise nightmares — that one could scarce forebear to cheer. On the other hand, *Just Like Coronation Street* and all the other programmes about high-rise planning disasters have shown distressingly clearly how nothing whatsoever seems to have been learned from this excellent example set in St Pancras.

Having watched these programmes and several other social documentaries in the past week or so (Brian James's sober and telling account of the life of a miner's widow in the first of a new BBC2 Sunday series called *The Year Of . . .* for instance and Mike Grigsby's slow and refreshingly unbalanced programme about the British presence in Northern Ireland) I was left with a nagging question about the differences between the work of the early sixties and today. They look much the same, though techniques may have moved on a little, yet something about *7 Up* raised my suspicions. They *felt* different.

The answer may be connected with the answer to the riddle about home taping and home viewing on VCRs which is believed to be in a ratio of 5:1 meaning that 80 per cent of what is taped is never watched. Just as we tend now to assume sub-consciously that once we have taped a programme we have dealt with it, so perhaps in the fifties and sixties our faith in the power of television was such that the mere transmission of a documentary about some particular problem—the dumping of toxic waste, the overcrowding of prisons—seemed to suggest that that problem had been dealt with.

Now in the mid eighties with a whole adult generation which has grown up from babyhood with television—the *28 Up* generation which did not have the box added to its experience half way through life as something new and wonderful—we realise that the faith of the fifties and sixties was sadly misplaced. After 25 years of documentaries our prisons are more over-crowded than ever. Eighteen years after *Cathy Come Home* (presented as a drama but clearly a social documentary too) the number of Cathys is greater than ever.

I suspect that for a little while after its introduction both broadcasters and viewers tended to assume that television had an almost magical ability not merely to depict social problems but, in the process, to solve them. We don't believe it any longer, and that is the difference between 1964 and 1984. Now, however, thanks to the ageing of television itself programmes such as *28 Up*, *People To People: Somerstown* and *Just Like Coronation Street* are proving that the medium does have an entirely different value: as splendidly vivid living history.

Extremities/Duchess

Michael Coveney

There is an audience for thrillers, be they ever so badly written. Just look at the success of *Corpse!* or *The Mousetrap*. *Extremities* by William Mastrosimone, which arrives in London via the Louisville New Plays Festival and New York (where I saw it with Susan Sarandon in the lead), as badly written as either of those two pieces, is burdened with the added disadvantage of having something to say. I am not sure quite what it has to say, but it pertains to the pressing subject of rape.

Helen Mirren is squirting her plants and fighting off a wasp when a rapist turns up on her doorstep. She inhabits a farm cottage near a New Jersey highway but remote nonetheless. The rapist, or would-be rapist, Raul, has been watching the house, knows the movements. Marjorie (Ms Mirren) in a pink bathrobe (is she asking for it, a judge might wonder?) gives off a scent of fear, like a man frightened of a dog, by saying her non-existent husband, a cop, is asleep upstairs. The rapist gains confidence.

There follows a ghastly, difficult-to-watch assault, full of such squeamish detail as Raul noticing Marjorie's freckles and asking her to "be nice" and "touch him down there." He has destroyed the telephone and suggests she might *like* to get hurt. But the tables are turned, not very convincingly in B. H. Barry's stage fight, and an aerosol spray in the face is followed by a quick application of telephone wire to the neck.

The terrible weakness of Robert Allan Ackerman's production, and of the inefficient design by Marjorie Bradley staginess of the realistic spooky theatre piece is relentlessly exposed. Television or film, you feel, would not reveal Raul to be struggling against an ineffective barrier when supposedly trapped by a brass bed-head in the brick hearth. His prison is obviously anything but—until after the interval when the stage management has had a bit of a go. Likewise, he could reach up and remove his blind at any time. Nor, on film, would Ms Mirren be wearing a make-up stage-bite before being bitten.

Alastair Muir

Helen Mirren

I have a feeling that to write well about sensationalist subjects, the correct approach is not to be sensationalist. There has been some stunning low key television documentary reportage lately on rape victims that might actually contribute not only to the public debate, but also to the condition and fortitude of victims.

Extremities on the other hand is a bad thriller with feminist pretensions, and even those are confused by unconvincing characterisation. Marjorie's house-mates who return to provide quasi courtroom stooge material — Johanna Kirby as the trembling Terry, herself a rape victim with a whistle which, of course, she soon has a chance to blow, and Marty Cruickshank as the business-like Patricia, are mere cyphers of posited legal objections and reverse sexist sympathy. "Ayatollah" is an epithet reserved by Terry not for Raul but for Marjorie.

Helen Mirren does well to sustain an anger and just resentment through all these underdeveloped caveats and sidetracks. She wants to bury Raul in the garden, knowing the law will not be sympathetic to her case: there are no witnesses, she was not actually raped. Where is the thin line, a male judge might ask, between bottom-pinching and rape?

Kevin McNally is the caged beast, the animal Marjorie claims as hers, the object of her revenge. Her instinct for vengeance is questioned by her fellow women, an attitude that can only gain credence because of the extreme form it might take. This is where the play goes off the rails. Still, it is gripping, in a tawdry, second-rate kind of way. So is *Corpse!*

Pears Tribute/Wigmore Hall

Max Loppert

For the Songmakers' Almanac recital on Monday, Graham Johnson had devised a portrait-in-music of Peter Pears that was at the same time an act of homage to the most important English tenor of the 20th-century. Sir Peter was himself installed on stage for the second half and with exemplary dignity, wit and modesty submitted to the discomfort of being interviewed by Mr Johnson in a manner that cringe-makingly combined gush, archness and reverence. As in too many previous Songmaker compilations, Mr Johnson's non-musical contributions amounted to a blot on an occasion otherwise distinguished for its musical excellence and its genuine artistic purpose; and as a central part of that musical excellence was supplied by Mr Johnson at the piano, his verbal flourishes proved even more irritating than usual.

Fortunately it *was* a rich programme, pointfully conceived and delivered with high accomplishment; it is this that one will remember when attendant annoyances have slipped from mind. The "home team" of Sarah Walker, Anthony Rolfe Johnson, and Richard Jackson was in the *first* half strengthened by the young Australian soprano Marilyn Dale, a Pears pupil and a lustrous, distinctive, fascinating singer (who needs only to master more reliably taut legato); from all the singers, and from their partnership with Mr Jackson, there emerged a sense of direct, skilful, subtle engagement with words and music that fulfilled all the evening's aims to perfection.

The first half drew up a delightfully inventive summary of the Pears ancestry (touching on the singer's naval antecedents) and of his early, pre-Britten, musical career (including a rather appealing 1931 Pears song-setting of "Take, o take those lips"). Interest may have mainly resided less in individual items than in their chosen context, but Mr Jackson's Haydn Sailor Song was immaculately light and on-the-words, Mr Rolfe Johnson's Dibdin "Tom Bowling" brilliantly married sentimentality, pathos, and passion, and Miss Walker's account of Holst's "Betelgeuse" was of chillingly understated power. The Walker-Rolfe Johnson partnership in Britten's *Abraham and Isaac* led the first half to its natural climax.

Inevitably, it was also, to a large extent, a portrait of Britten himself. Apart from Miss Walker's ravishing delivery of Bridge's "Isobel" and irresistible patterings of a Britten-Auden Cabaret Song, the burden of the second half fell heavily on Mr Rolfe Johnson as vocal representative of the composer-tenor collaboration, summed up with deeply moving eloquence in the fifth song of Winter Words and in the Phaedrus monologue from *Death in Venice*. Inevitably, also, the evening was content to skirt any suggestion of the controversial aspect of Pears' art, of the fact that the voice itself was universally admired but not universally enjoyed. But I came away from these performances convinced that his special greatness had been understood, saluted, and in some curious, wonderful way prolonged in time.

National Ballet School Gala/Toronto

Clement Crisp

When a great city proclaims a week as dedicated to its National Ballet School and federal and provincial grants of nearly five million dollars are announced for that school's further development, then we may assume civic and national pride in a significant cultural asset. So with the National Ballet School in Toronto, which last Wednesday celebrated its silver jubilee with a gala performance that reunited its present students and members of the National Ballet of Canada with graduates returned to dance in celebration from round the world.

The school is the creation of Betty Oliphant, British born and a pupil of Karsavina and Laurent Novikoff, who arrived in Toronto in 1947 and opened a small dance academy. There followed an association with Celia Franca in the founding of Canada's National Ballet, and in 1959 the establishing of the National Ballet School, which is independent of the company though symbiotically linked with it, in that it has produced the majority of the ballet's artists.

For Miss Oliphant and for ballet in Canada, the gala was sign and symbol of a quarter-century's achievement. It began, very suitably, with Bournonville's *Conservatoire*, danced by students with a stiffening of four young principals from the National Ballet, in a felicitous staging by Fredbjorn Bjornsson. The technical good manners, the honesty of the Canadian style—dancing well-placed, well-founded—shone in Bournonville's own tribute to his student years with Auguste Vestris in Paris 160 years ago, and the historic link through the eminent Mr Bjornsson to the grandest traditions of the academic dance asserted that vital continuity of great teaching which is the life-blood of schools such as this. The students moved easily, sweetly; the National Ballet's soloists—Owen Montague, Martine Lamy, Eva Robertson, Jeremy Ransom—were buoyantly good.

The succeeding divertissements were novelties which reminded us that the school's graduates make fine careers abroad as well as at home. Rudi van Dantzig made a yearning duet to Barber's adagio for strings for Jane Lord and Barry Watt who work with him in the Dutch National Ballet. John Neumeirer's *Rainsong 2* used a movement from a Brahms violin sonata as the inspiration for a solo of long lines and sudden questioning flexings of the body for Jeffrey Kirk, a member of his Hamburg Ballet.

Martine van Hamel, a principal of American Ballet Theatre, graduated from the school 20 years ago, and was seen in a luscious *Odalisque* by Glen Tetley; John Alleyne gave an electric account of Stravinsky's piano rag and tango made for him by Uwe Scholtz when they were lately both members of the Stuttgart Ballet. The Spanish dancer Susana, now teaching at the school, made a moody solo for David Nixon of the National Ballet, which he brought off with fine physical allure, and also provided a gypsy scene to allow her young students to stamp and clatter in approved Flamenco style. Robert Desrosiers and Claudia Moore appeared in a piece of antic kitsch by Mr Desrosiers (who has his own free dance troupe), but this seemed to me too determinedly local in appeal to make any sense to an outsider.

The Natonal Ballet's contribution was a group of the younger lions of the company, who spoke admirably well for the prowess of the troupe: Owen Montague strutted through one of Hans van Manen's *Five Tangos*; Kevin Pugh soared and spun with splendid abandon in the *Corsaire* duet with Kimberly Glasco; and Erik Bruhn, director of the National Ballet, adapted a charming trio from Bournonville's *La Ventana* which was beguilingly danced by Sabina Alleman, Jeremy Ransom and Raymond Smith.

Sinopoli/Festival Hall

Dominic Gill

The Philharmonia's performance of Mahler's Ninth under Giuseppe Sinopoli in June last year was, without doubt or exaggeration, the dumbest performance of a Mahler symphony I have heard on a public stage. On Monday his direction of Mahler's second symphony ran that memorable occasion a close second.

Sinopoli's way with a symphonic work, especially a Mahler symphony, is to latch on to as many "effective" bits as possible, inflate them out of all sense of context, and play them for all they are worth—hoping that not too much of importance happens in between. There is nothing anywhere in his direction that is more than superficially evocative of the real task of the conductor: the powerful control of phrase, rhythm, texture and direction. For Sinopoli a triple-fortissimo or triple-pianissimo—he is very partial to exaggerated dynamics — means everyone playing very loudly or very quietly: he evidently does not conceive of music in contrapuntal or connective terms, but rather as blocks of primary colour linked by insubstantial bridges.

The result of such lurching from Technicolor screen to Technicolor screen, without any more purpose in view than to achieve the next as quickly as possible, is deeply disturbing a vision of Mahler principally as purveyor of tawdry, cheap-jack effect, an orchestrator of cynical, vulgar effusions. Sinopoli's treatment — a veneer of "great music-making" without any of its substance—is in fact pure kitsch: his coy, self-conscious delivery of the second movement andante especially had its exact counterpart in the ghastly drawings and bronzes of Tom Merrifield exhibited in the Festival Hall foyer

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Nov 23–29

Theatre

LONDON

Little Shop of Horrors (Comedy): Campy off-Broadway import which is less good than The Rocky Horror Picture Show but which has a curious charm and an exotically expanding man-eating prickly plant. (930 2578).

The Real Thing (Strand): Jenny Quayle and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143).

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a cliff-top rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rustling around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

West Side Story (Her Majesty's): Classic musical returns to its original London home with a fresh young cast of good singers and dancers. The thrills and spills of Bernstein's score and the Robbins choreography remain breathtakingly intact. (930 6606).

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

Aren't We All? (Haymarket): Rex Harrison and Claudette Colbert in a meagre rarity by Frederick Lonsdale. Miss Colbert defies the march of time and still wears her hair the same way, with bangs. (930 9832).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

NEW YORK

Sunday in the Park with George (Booth): Not your conventional musical. Stephen Sondheim's latest is an inspired pairing with director and playwright James Lapine to bring Georges Seurat's painting to life, with Mandy Patinkin as the painter and Bernadette Peters as his imagined girlfriend, Dot. (239 6262).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200).

On Your Toes (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rodgers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 9370).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organisation has generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

Noises Off (Brooks Atkinson): Dorothy Loudon brings Michael Frayn's backstage slapstick farce to Broadway in Michael Blakemore's production that includes Brian Murray, Paxton Whitehead and Victor Garber as her backstage conspirators. (245 3430).

The Real Thing (Plymouth): After 14 months in London, Tom Stoppard's latest giggle at the English intelligentsia, with a new-found attention to the heart that beats beneath the veneer, directed at a fast clip by Mike Nichols. (239 6200).

Glengarry Glen Ross (Golden): The Chicago cast from the Goodman Theatre provided David Mamet with a Pulitzer Prize for his latest work that pits fast-talking real estate salesmen against the world and each other. (239 6200).

Balm in Gilead (Minetta Lane): John Malkovich's energetic but nostalgic revival of an early Lanford Wilson play brings back the wide-eyed, drugged out 1960s and 70s to the accompaniment of Bruce Springsteen songs. (420 8000).

Quilters (Jack Lawrence): Based on American pioneer women's descriptions of their work in making quilt blankets, Molly Newman and Barbara Damashek's musical arrives in New York remounted from its modest origins in Denver. (307 5452).

WASHINGTON

Nest of the Wood Grouse (Eisenhower): Victor Rozov's Soviet comedy puts a human face on the local nemesis in the form of Eli Wallach and Anne Jackson as a Russian diplomat and his unpredictable family. Ends Dec 1. Kennedy Center (254 3670).

Crossed Words (Folger): A Christmas season pantomime is not much of an American tradition, but with John Neville-Andrews, an English head of the company, and the Globe Theatre as the setting, there is hope it can still catch on. Ends Jan 6. (546 4000).

TOKYO

Agnes of God: The Japanese version of J. P. Myers play starring Keiko Takeshita and Hisano Yamaoka with the set by one of Japan's foremost designers Setsu Asakura. Hakuhinkan Theatre, Ginza (571 1003).

Piaf: written by Ken Miyamoto, directed by Koichi Kimura and starring Noburo Kazuki. Theatre Apple Shinjuku (207 5588).

Art galleries/Paris

Alasdair Steven

To celebrate the bicentenary of the death of that great wit and philosopher Denis Diderot, an exhibition of some of his art criticisms is being staged at the Hôtel de la Monnaie in Paris. It runs until January 6.

It was the custom in the mid 18th century for L'Académie Royale de Peinture to hold a biannual exhibition in the Louvre on the king's birthday. The whole event gradually assumed tremendous social importance. Diderot, already an acknowledged playwright, took over from Frédéric Grimm in covering these exhibitions. His barbed wit and candid opinions meant that all these jottings had to be kept confidential. They were not published until 1876 under the title "Les Salons 1759-81."

The purpose of this particular exhibition is to arrange colourful snippets alongside the original pictures and sculptures. The result, apart from making joyous reading, is a fascinating social commentary: turbulent times were, after all, just around the corner.

Diderot has been credited as being the first art critic (a claim he strongly refuted), but his critical eye is very reliable. In common with his contemporaries he praised historical and religious works over genre and portraits, but he championed the works of Chardin many years before others did so.

However, it is Diderot's wonderfully irreverent sweeping statements that principally endear him to modern observers. He displays again and again a delicate knack of summing up a subject with the *mot juste*. "The portrait of the young man in riding clothes is detestable. He clearly has no friends who can tell him the truth about himself," and "I greatly dislike the subject's affected attitudes: do people really look like that?"

"Diderot et l'art de Boucher à David" titillates superbly. If Frank Dunlop is looking for an exhibition to represent the slightly quirky nature of the French (next year's Edinburgh Festival is to be a heavily Gallic affair), then he should look no further.

The Galerie Matignon (18 Avenue de Matignon) specialises in contemporary French artists. For the next couple of months they concentrate on two very different artists, Yves Brayer and Jean Jansem. Their styles have little in common, and to see such a contrast in the one room creates something of a visual clash.

Brayer is 64 and has done much of his work in Provence. The bold and arid landscapes often have a dash of red at a focal point. This feature is also carried through to his bullfighting scenes. The style is not easy at first viewing – it is too gaunt for instant appreciation – but the very definite brushwork displays a strong personality.

Jansem seems to have a fascination with the weird and obscure, verging at times on the morbid. Many of his faces are covered in exotic masks. There is one canvas in which a delightful young girl in a seductive blue hat is being cuddled by a skeleton with a flower between its teeth.

A last word in praise of the recently reopened Orangerie museum (just beside the Jeu de Paume). This charming villa now houses the Walter/Guillaume collection. There are several Soutines and some first class Renoirs, but the pride of the collection must be a tender and loving Picasso entitled "Les Adolescents." This was painted during a short stay in Spain and done in beige monochrome. Its simplicity is magnificent.

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Detente on Gibraltar

THE AGREEMENT in Brussels between Britain and Spain on Gibraltar is a most welcome development on several counts. Though it does not provide a final solution to the future status of the Rock, it has brought a long-awaited detente to Anglo-Spanish relations, which have remained exceptionally cool in spite of Spain's impressive transition from a right-wing dictatorship to a fully-fledged democracy.

As far as Britain and Spain are concerned, the agreement lifts one of the main political obstacles to Spain's membership of the European Community, though several other important economic problems have yet to be solved before Madrid's entry becomes a reality.

It was one of the great ironies of the Anglo-Spanish relationship that the British Government, though one of the strongest advocates of Spanish membership of the Community, was prepared to exercise its veto against Spain, failing a satisfactory arrangement on Gibraltar.

No doubt the link that had been established between the two problems spurred both sides on to an agreement. But quite apart from the tactical pressure to which Spain was being subjected, both the British and Spanish governments clearly realised they could not allow their future partnership within the European Community to be undermined from the start by the problem of Gibraltar.

To achieve the agreement in Brussels which, in essence, does no more than ensure the application of an earlier understanding known as the Lisbon Declaration of April 1980, both sides have made concessions. On paper at least, the main concession made by Britain is substantial, though it is hedged about with cast iron safeguards.

Sovereignty

For the first time, the British government has accepted that the question of sovereignty over Gibraltar will be discussed in the negotiations on all outstanding differences over the Rock, which will begin not later than February 15.

This explicit mention of sovereignty in the communique issued after the talks between Sir Geoffrey Howe, the Foreign Secretary, and Sr Fernando Moran, his Spanish opposite number, has been hailed as a breakthrough in Madrid.

In fact, it is of more cosmetic and psychological value than of practical significance. The Lisbon Declaration, which Madrid failed to implement because it was not specific enough, already provides for negotiations aimed at overcoming all the differences between the two countries over Gibraltar. That phrase could always have been interpreted by Spain as covering the issue of sovereignty.

Of much greater importance is the preamble to the 1969 Gibraltar constitution in which the British government has stated that it "will never enter into arrangements under which the people of Gibraltar would pass under the sovereignty of another State against their freely and democratically expressed wishes."

The British government's full commitment "to honour the wishes of the people of Gibraltar," as set out in this preamble, is specifically repeated in the Brussels communique.

In practice, therefore, any discussions on sovereignty between Britain and Spain will always be subject to this final test.

Credibility

Nor should it be forgotten that Spain is on particularly thin ice when demanding that sovereignty over Gibraltar, ceded to Britain under the Treaty of Utrecht in 1713, should be transferred to her.

If that should ever come to pass, Morocco's claim to the Spanish North African enclaves of Ceuta and Melilla could hardly continue to be rejected by Madrid, if it wanted to retain any degree of credibility or international support for its foreign policy.

What is important for the moment, however, is that the Brussels agreement promises to restore a degree of normality to a very abnormal situation.

The sorely tried Gibraltarians will be allowed to breathe again as the result of the lifting of the restrictions on the movement of people and goods in and out of Gibraltar, which is expected to give a much-needed boost to trade and tourism.

On a broader level, the agreement should restore a genuine dialogue between two important European nations who, for too long, have turned their backs on each other.

Road blocks in the Community

HOW BIG may a lorry be if it is to cross borders within the supposedly common market of the European Community? After more than 20-years of argument the governments concerned have still not quite agreed on the answer. Does it matter? If so, may we at last see some movement?

It does matter because the argument has proved one of the main obstacles towards realising the common transport policy envisaged by the Treaty of Rome. The lack of such a policy constitutes a restraint on the efficiency of transport in the Community. The Commission has worked out that lorries engaged in cross-border haulage on average travel fewer miles annually than do those on the generally shorter routes within one country. That does not make sense.

In May the council of transport ministers came to within an ace of removing the disagreements about lorry weights and some others as well. Last minute hesitations on the part of one government threatened to destroy the deal. But chances now do look good that it will go through in slightly amended form at the next meeting on December 11 and 12.

That would be good news because the package envisaged will not only largely settle the argument about lorry weights. It also includes a doubling during the next five years of the number of licences granted under the community quota system for lorries to carry goods across community borders independently of purely bilateral agreements between member states. The deal also would allocate Ecu 95m (about £57m) towards road and rail improvements, of which Britain would receive about Ecu 21m.

Liberalisation

But only a constitutional optimist would look upon an agreement next month as more than a small step on the road to the common transport policy envisaged in the treaty. A full liberalisation of road haulage across borders within the Community will still be a long way off. Community quotas permitting a lorry to carry goods between two countries in neither of which it registered, covering, say, a British lorry travelling between points in Belgium and Germany, will still be scarce.

There are several reasons why achieving a common transport policy has proved so elusive a matter. There are the usual narrow national interests. The French and Italians believed the proposed weight restrictions would hurt their lorry builders; the Germans and others wished to protect their railways from the competition of road hauliers; the Dutch and British felt their hauliers would get the better of the argument under full liberalisation.

More fundamental considerations also apply. Britain, with relatively short hauls to the sea and between the main centres of population, is more lorry-conscious than, say, France where distances are much greater. One may dislike the determination of some Community governments, such as those in Paris and Bonn, to manipulate the freight carrying market in favour of their railways. One cannot ignore it.

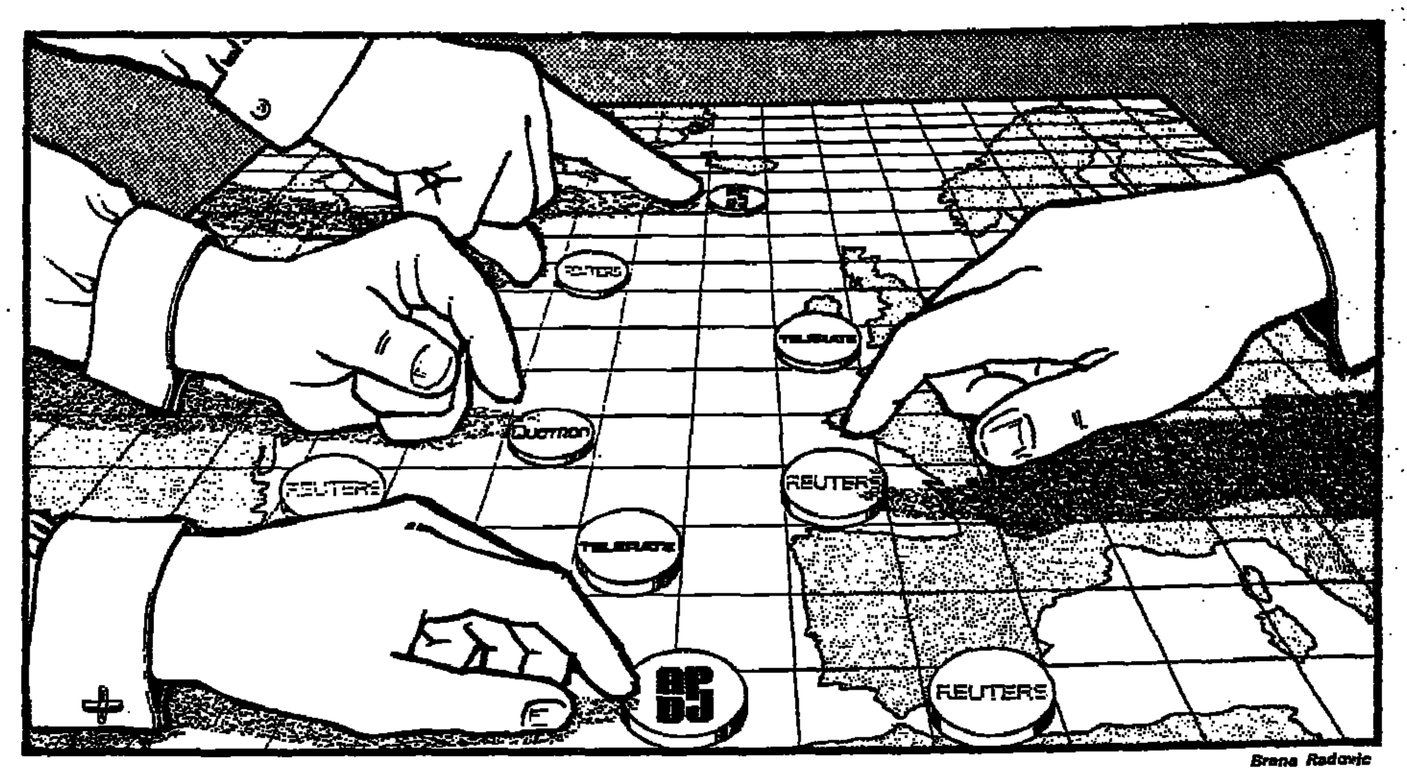
Efficiency

The EEC Commission, which originally pleaded for a full measure of competition between the various modes of transport, in a submission to the Council of Ministers said last year: "It is obvious that . . . a balance between railways . . . and road and inland waterways . . . is not easy to strike. But it is also clear that, unless such an equilibrium is found, this policy cannot be unblocked."

Such is the political reality. But the Commission went on to express an economic home truth: "The railways are likely to be helped more by improving the efficiency and attractiveness of the railway services . . . than by tightening or even maintaining the present restrictions on other forms of transport."

The Community should screw up its courage and set a deadline by which it must liberalise cross-border internal road transport. It need not be early; after rather than before 1990 looks realistic. But it must be firm enough to condemn the Community to succeed with a vital element in creating a genuine common market.

FINANCIAL INFORMATION SYSTEMS



Brana Radovic

The race is on for the universal terminal

By Godfrey Hodgson

THE GREAT expansion in electronic screen-delivered financial services continues to gather pace. Month by month there are more screens showing more data on more markets, and new ways of bringing together more information, both real time and historical, raw or processed, at the touch of a button on a dealer's or an analyst's desk.

Only last week, Reuters announced several improvements to its Monitor service. One is a news-search facility enabling subscribers to hunt through its new files electronically. Another is a new screen display for foreign exchange dealers allowing them to access five pages of information about deals by pressing a single square on an electronic tablet.

These innovations are clearly designed to strengthen Reuters in competition with AP/Dow Jones, which offers a similar news retrieval facility, and with Telerate and Quotron, both of which are thought to have had superior screen displays to monitor up to now.

Altogether, according to a recent market research report*, there are 33 on-line financial information systems available in the London market. The systems fall into three broad categories: data bases into which the user can access for "historical" information; the relatively slow and limited teletext systems such as Ceefax, Oracle and Prestel; and sophisticated real time services. These are correspondingly more expensive; the provider typically leases specialised screen and keyboard for about £1,000 a month.

Altogether a round dozen of real time services are available in London, including the London Stock Exchange's Topic and stockbrokers' Scrimgeour, Kemp-Gee's in-house system for clients, called Dogfox.

Members of the London Commodity Exchange can use the Manifest service, which gives them prices for rubber, sugar, cocoa, gold, pork, platinum and petroleum from New York, Chicago, Paris and Amsterdam. Or they can subscribe to Unicom, which offers commodities and foreign exchange information, and is a subsidiary of the U.S. Knight-Ridder newspaper chain.

But the high rollers' table at this game is the provision of a broad spectrum of on-line information for a number of markets, together with general news. And that market now looks to be settling down to a classic duopoly.

In one corner, the veteran 100 years champion of Britain, Europe and the Commonwealth: Reuters. In the other, a cluster of Golden Gloves fighters whose basic businesses in the U.S. are not really in competition with each other, and who can therefore club together to challenge Reuters outside North America.

The chief members of this unofficial U.S. team are: Dow Jones Inc, joining forces outside the U.S. to market the AP/Dow Jones news service; Quotron, specialising in New York equity market prices, but also now offering integrated on-line financial services; and Telerate Inc, also developing out of its original speciality in U.S. bonds and money market instruments. All three are quite clear that their chief competitor is Reuters.

The war is being fought in two theatres. Reuters, whose Monitor system is dominant outside the U.S., is battling to penetrate the American market. AP/Dow Jones, Quotron and Telerate, which share London offices in the Associated Press building near Fleet Street, are striving to cut into what used to be Reuters' markets in the rest of the financial world.

It would be wrong, though, to portray the conflict in terms of Brits versus Yanks—if only because one of the key players in the "American" team, Telerate, is ultimately more than 70 per cent British-owned.

When Telerate went international in 1978, it made an arrangement with AP/Dow Jones to deliver its services outside North America on the basis of what one Telerate director called "synergy" between the two businesses. AP/Dow Jones has 51 per cent of the resulting joint venture, and the same share in a similar arrangement with Quotron outside North America.

The background to this contest lies in three apparently unrelated developments, one technological, one commercial, and one political.

The technological advance in the late 1950s was that electronic systems could help market traders, both in data retrieval and by giving them up-to-the-minute market quotations.

The commercial event was the break-up, in the late 1960s, of Reuters' comfortable news-swapping arrangements with both Dow Jones and AP, which led to AP/Dow Jones invading Reuters' traditional markets outside the U.S. and to Reuters' decision to counter-attack and invade North America.

The political event was the ending in 1971 of the system of fixed parities set up at Bretton Woods in 1944. After 1971 all major currencies began to float. Financial markets became more internationalised.

Even before Reuters went into the American market, it made the first step towards the silent screen, signing a contract for the non-American rights to Stockmaster, a somewhat primitive system for reporting prices. In 1967 this was replaced by the first modern screen system, Videomaster.

At the same time the money markets were expanding rapidly, but dealers still had to be content with a few prices established by Reuters' reporters and distributed by teleprinter. So in 1973 Reuters introduced the innovative Monitor system with data contributed by subscribers, not by reporters. This was extended to foreign exchange and to other markets, such as bonds and commodities.

In the meantime, in the early 1970s, Quotron signed a contract with Merrill Lynch, the world's biggest stockbrokers. That started their growth from about 5 per cent of the market for equity stock quotations to its present level of about 70 per cent.

Now Quotron is involved in what a competitor called "the race for the universal terminal." Dealers and customers generally worry about what is called in New York "the desk-top real-estate problem." They want a single terminal on which they can call up many services, access in-house information, and perform computations, such as arbitrage, as well.

Quotron's entrant for this race, called Financial Office Services, offers word-processing and text editing, electronic mail and personal computing in addition to the Quotron quotes and data base.

The trend is to deliver to each customer all the information he needs for his business on one screen

While Quotron was resting on its laurels, a young man called Neil Hirsch was studying business administration at Pace University in lower Manhattan. He was fascinated by electronics, and he was also spending time hanging around a brokerage office.

It was 1969, and everyone was getting out of equities into fixed interest stocks. Hirsch discovered that there was no central market place for commercial paper, and began to circulate prices for a limited number of issues. The need was there, and Hirsch's Telerate was filling it.

But in 1972 he ran out of money. He was planning to go public when he was approached by Bernie Cantor, of Cantor Fitzgerald, one of the half dozen major brokers who make the market in New York in U.S. government securities. Cantor Fitzgerald eventually bought 68 per cent. Hirsch, 37, is president and chief executive today.

The Cantor connection proved crucial for the growth of Telerate. Although Reuters does provide quotations of U.S. government bond prices from a smaller broker, Newcombe, it has not yet succeeded in getting any of the inner circle of big brokers to contribute prices. Reuters has developed strength in foreign exchange, commodities and other markets; it remains handicapped by Telerate's advantage in bonds.

British and Commonwealth and its associate Exco, the London-based money brokers, bought their holding in Telerate in 1981. Two years later Telerate went public, valued at $880m at the offer price of $20 a share. Reuters followed in May this year, selling 27 per cent of its shares at a price that valued the whole company at £760m, then drifted up to well over £1,000m.

The shape of the competitive battle between Reuters and Telerate is hard to map precisely. Reuters is much bigger outside North America, Telerate stronger there.

Both companies have grown spectacularly—Reuters' profits by an average 100 per cent a year between 1980 and 1983, and Telerate's by 81 per cent in 1981, 69 per cent in 1982 and 80 per cent in 1983.

Telerate's profits margins have been far higher, though. It is a lean company, which makes its money by leasing terminals and selling information provided by contributors. With profits before tax of $13m on a turnover of $21m in the last quarter of 1983, it can well afford the sleek corporate headquarters with the Rodin bronzes on the 104th floor of the World Trade Center in New York.

Reuters' profit margin in North America, by contrast, was under 1 per cent in 1983. Reuters says it is spending money to build up the infrastructure it needs to break into the potentially most lucrative of all markets — with screen manufacturing facilities on Long Island, satellite transmission facilities, and a third "world news desk" on Sixth Avenue to take up the 24-hour shift from London and Hong Kong.

Many big customers take both services. One London merchant bankers says his foreign exchange dealers use Reuters almost exclusively, but that Telerate is better for U.S. bonds.

A leading New York money centre bank says that it uses both services, Reuters primarily for foreign exchange.

There is a general feeling in London that Telerate's service is quicker, and that its technology, like that of Quotron, is superior. Telerate's latest offering is a portable cordless terminal for the workaholic dealer to stay in touch at home.

Reuters, on the other hand, has one trump. In foreign exchange, money and—as from this month—in bonds, you can trade direct through the Monitor screen.

One dealer, who said he used Telerate in the afternoons because it was more up to date than Reuters at that time, added, "We're great fans of the Reuter dealing system. It has reduced our telex bill by 70 per cent, and we have reduced our number of operators from five to one-and-a-half. What's best of all is that the dealer himself can operate it, and he can be in touch within two seconds."

It took five years to develop the interactive dealing capability, and then another three years to "educate the market," says Michael Nelson, Reuters' managing director. But now, with 600 subscribers, he believes it has reached "critical mass."

Telerate's competitive edge, bluntly, is that it is easier for what is seen as an American company to break into markets outside the U.S.—where American banks and brokers play a major part—than it is for a foreign company to break into the American market.

"We have succeeded," one Telerate executive told me, "because of the dominance of the dollar. There is more interest in the U.S. economy outside the U.S. than there is interest in the rest of the world there."

The conventional way to measure the competitors is by the number of their terminals. There are 71,000 Quotron terminals in use—though Quotron is more vulnerable than Reuters or Telerate to the plans recently announced by IBM and Merrill Lynch to start an on-line financial information service.

Reuters has 38,500 screens, Telerate about 13,000. But that is no longer quite the point. Increasingly the trend is to deliver to a customer a complex interface package, so that he can get the information he needs for his particular business from many sources on one screen.

In that contest, as they say in Silicon Valley, "money is the way we keep the score." And at that game both Reuters and Telerate have shown themselves prolific scorers, especially on their home grounds.

* The Financial On-Line Information Report. First Market Intelligence, 10 Denbigh Street, London SW1.

Men and Matters

Diamond dynasty

For two illustrious generations, the intertwined financial, mining and industrial empires of Anglo American Corporation and De Beers have been dominated by the Oppenheimer family.

Two years ago, Harry Oppenheimer ceded the chairmanship of Anglo American to an outsider—Gavin Relly. Yesterday at a board meeting in the low, red-bricked company headquarters close to the edge of the yawning pit of the Kimberley diamond mine where the family fortune was founded, Oppenheimer announced that the chairmanship of De Beers would also pass out of the family—into the hands of Julian Ogilvie Thompson, who started his career as Oppenheimer's personal assistant in 1957.

But Harry Oppenheimer retains patriarchal control of the family trust, Ernest Oppenheimer and Son, whose 8.2 per cent stake in Anglo is the basis of a multi-billion rand portfolio which makes the family one of the richest in the world.

At which point, enter Nicholas Oppenheimer, bearded diffident only son, who steps up to the deputy chairmanship of De Beers in January when Ogilvie Thompson, the Oxford-educated son of an eminent South African high court judge, and epitome of the English-speaking elite at Anglo, becomes chairman.

Nicholas is 11 years younger than Ogilvie Thompson—too young for the immediate succession. But during his time at 44 Main Street, the Joburg headquarters of Anglo, Nicholas became familiar with the intricacies of the family holding.

Harry Oppenheimer has made no secret of his desire for Nicholas to restore the dynasty by taking over at Anglo and De Beers at some stage in the future.

Nicholas's real status will be underlined when he takes over the management of the family holding from his father.

"I stil lthink we should have accepted the other takeover bid of 2,000 garden sheds, a lawn mower and two gross of ex-WD flying jackets"

New society

Viscount Etienne Davignon —"Call me Stevie"—strong man of the outgoing European Commission in Brussels and overlord of the EEC steel régime, has finally silenced the rumour-mongers and confirmed that he is to join the board of Société Générale de Belgique.

It is a less glamorous future than others mooted for him — such as joining the Belgian Government or IBM (as gamekeeper-turned-poacher, presumably).

But in Belgian terms, the move is both respectable and appropriate. The country's largest financial and industrial conglomerate is regarded by many as nothing less than an alternative government, though considerably more discreet and less riven by factionalism than the elected one.

Davignon was not to be drawn yesterday on what his role will be when he joins in January. But René Lamy, governor of the board, told shareholders he was hoping to expand the group's international operations — and Davignon has considerable experience of negotiations abroad from Washington to Tokyo.

Backed by Mrs Thatcher among others, at one stage, for the presidency of the new EEC Commission, Davignon's first problem may be that of adapting his self-confident and extrovert personality to the notoriously secretive ways of his future employers.

Tunnel vision

Thousands of small investors, it seems, are still under the erroneous impression that Channel Tunnel Investments will one day be burrowing profitably in the direction of Calais.

One of the more eccentric companies quoted on the London Stock Exchange, Channel Tunnel was founded in 1881 with just that aim in view. But the group, which reported its half-year results yesterday, abandoned the plan nine years ago when the Channel Tunnel project was scrapped, and handed back most of its share capital to shareholders.

It retained £250,000 or so just to keep the company running in the hope that it would eventually be recompensed for its contributions to the project: a heap of geologists' and route planners' reports, valued in the books at just £1.

If the Chunnel were ever built, compensation could be "anything between nothing and several million pounds," says David Pearson, the chairman. "Nobody has any real idea what the assets are worth."

The market, however, has its own ideas. At yesterday's price of 125p, Channel Tunnel is valued at £1.8m, or 1,562 times the earnings it got from its investments in 1983. "We have several thousand investors, many of whom seem to believe that the channel tunnel will be built entirely by Channel Tunnel Investments," says Pearson. "I only wish I could disillusion them."

Fits the bill

Pat Perkins, director of Helene of London fashion group, was looking for a name to launch a new range of boys' clothes.

She wanted something with an upmarket ring that would sound right in Harrods—and with the royal toddler in mind, she plumped for Just William, though she expected all sorts of difficulties in using the title of Richmal Crompton's book.

But the company discovered that the copyright had expired and nobody else had claimed the famous name. "I can still hardly believe my luck," she says.

Key-note

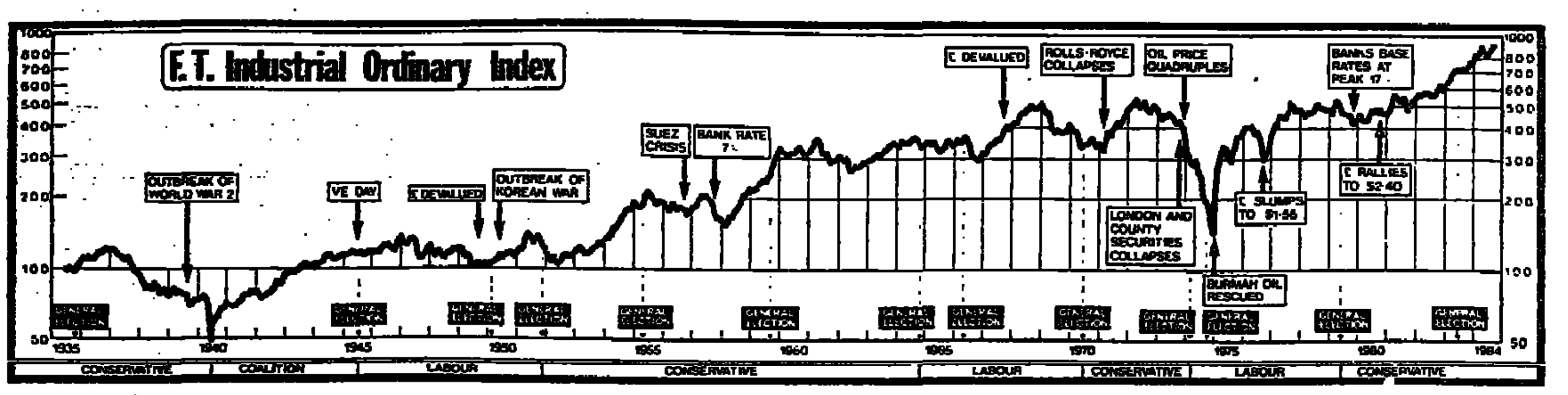
The Falklands war taught the Royal Navy many lessons—not least of which, reports Computing magazine, is that its submarine computers need coffee-proof keyboards.

More than one keyboard was short-circuited when the rough seas of the South Atlantic upset cups of instant coffee. So the Royal Navy has now written into new computer contracts a demand that the keyboards being used in submarine control rooms must meet coffee-proofing specifications.

The computer rooms of the UK's fleet of subs will still use normal keyboards as the Navy feels its graduate computer officers should know better than to slop drinks over them.

But it is considered easier to provide senior command officers with special "ruggedised" keyboards than to try to change their drinking habits.

Observer



Changes in the FT Index

Enter NatWest and British Telecom

By Richard Lambert

THE Financial Times Industrial Ordinary Share Index will celebrate its 50th birthday next summer. Although it has been challenged by more sophisticated share indices from the stable of the FT and its associates, it remains much the most widely quoted barometer of the London Stock Exchange. Ask a professional what the market has done on a particular day and the chances are that the reply will be expressed in terms of points on the FT Index.

We have now decided to make two modest but important changes in the make-up of the Index. One has been forced upon us. Shares in the newly privatised British Telecom are likely to be more widely held than any other UK company, and are certain to be among the most actively traded issues when dealings start on December 3. British Telecom simply has to go into the Index — and it will, as from the start of business on December 4 based on the closing price of December 3. That way, the Index will not be distorted by any gap between the price at which the Government is prepared to sell the shares and the price at which they actually start trading.

The second change has been creeping up on us for years. After much thought and hesitation, we have decided to put a financial share in the Index for the first time. Will this cause an earthquake in Throgmorton Street? We think not, because the role of the Index has changed over the past 50 years.

In an editorial of July 18, 1935, the Financial News, as it then was, set two targets for its new baby. The first was that it should be "a sensitive index, which must respond to the delicate changes of market feeling and temper." The second, unrelated, goal was that it should be a "British Industrial Ordinary share index in the truest sense of the term."

Admitting that their choice was more or less arbitrary, the editors decided that the fairest representation of market movements would come from "the shares of companies operating in England, engaged in manufacture and mining only, and as far as possible unaffected by isolated foreign currencies."

What seemed sensible in 1935 is no longer appropriate in 1984. Heavy manufacturing industry plays a much less important role in both the economy at large and the Stock Exchange, while the service industries—especially the financial sector—have grown in prominence.

Of the original 30 shares in the Index, six were allotted to heavy industry, four to textiles, three to motors and aviation, three to electrical manufacture and radio, three to building materials, six to food, drink and tobacco, two to retail stores and three to miscellaneous industries.

Three of this original list—Dorman Long, United Steel and Bolsover Colliery—were subsequently nationalised, while another two—Rolls-Royce and Austin Motor—found their way into state ownership as a result of financial disasters. The textile companies were swallowed up by Courtaulds, the sole survivor in this sector.

The gaps have been filled mainly by a marked increase in the food and distribution sectors, the addition of pharmaceutical groups Glaxo, Beecham and Boots, and the arrival of leisure companies in the shape of Grand Metropolitan and Trusthouse Forte. In 1977, we took a further step away from the original concept with the inclusion of an oil company, BP.

Fundamental shifts in the economy have meant that if we had stuck to the original criteria, the constituents of the Index would have become increasingly unrepresentative of the market place. In 1984, an index which wants to catch sudden shifts in market sentiment needs to include a financial share.

Moreover the Index is no longer needed as a measure of the health of British industry. That role was taken over more than 20 years ago with the development of the FT-Actuaries series, which provides a complete and precise breakdown of share price performances in different sectors of the economy.

So what role does the Index play today? For many years, critics have argued that it is unrepresentative, that it is too narrowly based, and that it does not provide a true measure of portfolio performance. But this was not what the Index was ever about. The late Sir Richard Clarke, who set it up, once explained that the Index was expressly not designed to perform the function of portfolio measurement. Instead, it was intended to reflect the shifting moods of the market place.

He went on: "In fixing on 30 constituents, we obviously did better than we knew, subsequent testing proving the findings of our trial and error methods — that index reading on few stocks had little stability, and that as the number of stocks was increased beyond 30 the readings flattened out with the result that the sensitivity we were seeking was lost."

In reviewing the constituents of the Index, conflicting considerations have sometimes to be taken into account. The Index needs to include the most actively traded shares—but it has also to maintain the continuity which is one of its greatest strengths. We do not want it to become an index of the most fashionable stocks of the day.

The contrast here is with the new FT-SE 100 Share Index, in which stock market value is the sole criterion for selection. If the market capitalisation of a company shrinks too far, it is automatically dropped from the list.

The FT-SE 100 was established earlier this year to meet a new requirement—for a real time share price index which mirrored as closely as possible the performance of the FT-Actuaries All-Share Index, which includes 739 shares. The financial futures and traded options market needed such an index in order to trade new contracts based on equity prices.

Constituents of the 30 Share Index are changed only infrequently. Despite all the upheavals of the past 50 years, about a dozen of the original constituents are still in the list today in one form or another.

Although the Index is not intended to be a scientifically-based cross-section of the market place, it must not become unbalanced. For example, Racal and Standard Telephones both have strong claims in terms of market capitalisation and trading activity. But GEC, Plessey, Thorn EMI and BICC are already in this broad industrial category, and for the moment we would be unwilling to change any of these to make way for a newcomer.

All this may seem lacking in precision. But the fact is that the two best-known measures of share prices in the world—the FT in London and the Dow Jones Industrial Average in New York—are both put together in this way.

The Dow has many structural features in common with the FT Index, and has also succeeded in frustrating its critics over a very long period. The first list of Dow Jones industrials appeared in 1897 and consisted of just 12 stocks. The list went up to 30 stocks in 1928; IBM did not gain entry until 1979.

The Dow has also shifted slowly away from heavy manufacturing. Since 1939 it has included a utility—AT and T—and two years ago it took in a financial share for the first time, American Express.

The U.S. measure is still called the Dow Jones Industrial Average. We have decided it makes more sense to drop the adjective "industrial" from our title, and call it simply the FT Ordinary Share Index. Hardly anyone used the formal title anyway.

Making way for two newcomers in the Index is obviously a tricky task. Bowater Industries has hived off its U.S. interests into a separate, New York-listed company. What is left is a healthy but much smaller business in terms of stock market value. Out it goes, along with TI Group which has also shrunk over the years to the point where it stands at 193 in the FT 500 largest UK companies.

In their place, as from December 4, will be British Telecom and National Westminster Bank, which squeezes in by a short head in front of Barclays because of its high trading volume and market capitalisation. With these changes, the FT Ordinary Share Index is set fair to continue its task of recording the volatile moods of the London Stock Exchange over the next 50 years.

Wage restraint

The jobs remedy that will self-destruct

By Bryan Gould

AT the IMF in September, the Chancellor offered a brief glimmer of hope that he recognised at last that recovery would not be self-generating and would not take place without relaxing monetary policy to accommodate it. Since then, however, in speeches in Brighton, at the Mansion House and the House of Commons, he has made it clear that nothing has changed; any attempt, he says, to reverse the unemployment trend will be "self-defeating."

He offers now only one escape route. The key to reducing unemployment, he says, is to hold real wages below their expected levels. If workers were to hold real wages stable, they could "price themselves into jobs" to the tune of 500,000 additional jobs per year.

But there are many difficulties with this argument. First, although the Chancellor makes an apparently confident and precise assertion, it is not clear that it is any more than a politically-inspired guess. There is no evidence that it is supported by any work done, for example, on the Treasury model, nor is there any comparative evidence from other countries to lend it credibility. Indeed, the Chancellor's favourite argument, that the American recovery has been fuelled by falling real wages, is not borne out by the facts, and is in any case a pretty quixotic interpretation of a success story which has a much more obvious explanation.

Then there are the practical problems in achieving the real wage effects the Chancellor wants. If more than 3m unemployed are not enough to do the trick, one shudders at how many—and how much social bitterness—would be needed. And even if wages could be forced down—inevitably a long and hard process—it is hard to see that this could be done fast enough or decisively enough to close the gap with competitors whose expansion of output means that their unit labour costs, as the Chancellor concedes, are falling rather than rising.

There is also the logical problem that, when confronted with the shocking decline in our trade performance (the disastrous deficit in our trade in manufactures which appeared for the first time last year is already—at £3bn for the first nine months of 1984—more than 100 per cent above last year's level) Ministers affect to be unconcerned, saying that a decline in manufacturing is the inevitable consequence of North Sea oil. If that is so, what would be the point of forcing down real wages, if North Sea oil means that no improvement in our competitiveness or trading performance is either worthwhile or possible?

But the real problem for the Chancellor is that, even if real wages could be held down, he would not, on his own analysis, have achieved anything. On his own assumptions about the immutability of his monetary policy, the reduction of real wages leads nowhere except back to increasing unemployment.

This can be shown by assuming a fall in real wages below their expected level and asking how this would help? Where would the new jobs come from? There would have been no increase in effective domestic demand, and therefore no stimulus to output. There would be no additional resources to finance more jobs. There is no way, therefore, in which the domestic economy could be expected to produce a single extra job.

If more than 3m unemployed are not enough . . .

But, the Chancellor might argue, a fall in real wages would produce an improvement in competitiveness sufficient to stimulate overseas demand for our products. But even this would provide no escape. With an unchanged monetary policy, any improvement in competitiveness would simply be reflected in an appreciating exchange rate, so that any temporary benefit to demand, output and employment would be quickly negated. We should be back to square one; the policy would be, to use the Chancellor's phrase, self-defeating.

These conclusions, which are implicit in the Chancellor's stated policies, are borne out by a simulation run last month on the Treasury model, to which MPs now have access. The computer was told that annual wage rates would be 1 per cent lower each year than the figure the model would normally produce; thus, if the model would normally produce an 8 per cent figure, the wage increase, for purposes of the simulation, was imposed as 7 per cent. There is, of course, a cumulative effect from one year to the next. Monetary policy was arranged so that interest rates were kept at the base run level and the exchange rate was allowed to float.

The results make disappointing reading for the Chancellor. After four years, there is, by comparison with the base run, a 0.1 per cent gain in GDP and a 44,500 increase in jobs — both of which are so infinitesimal, over that period, as to be statistically insignificant. There are slight improvements in the balance of payments and in inflation, and the PSBR is a little lower.

The real key to what would happen is, however, revealed by what the computer tells us about the exchange rate. The rate for sterling would appreciate by 2.5 per cent; in other words, as fast as lower real wages produce gains in competitiveness, those gains are wiped out by the rising pound. The appreciating exchange rate produces the predictable (and slight) benefits on inflation but does nothing for employment or the real economy.

The remedy on what the Chancellor apparently pins his hopes is shown, therefore, to be self-defeating, as is every other course he might pursue, for as long as he will not change his monetary policy. But on this, the Chancellor is adamant; there is to be no such change. He has set his face against the one measure which is the essential pre-condition of recovery—the provision of additional money to finance expansion. The tragedy is not that attempts at recovery are self-defeating; it is that the defeat is self-inflicted.

The author is Labour MP for Dagenham and a shadow spokesman on Trade and Industry.

Letters to the Editor

Sterling and the EMS

From the International Economist, James Capel & Co.

Sir,—In his excellent article on the development of the European currency units (ECU) in the European monetary system (EMS), Nicholas Colchester (November 26) returns to some of the issues surrounding the possibility of sterling becoming a full member of the system. While a decision by the UK to join the exchange rate mechanism (ERM) of the EMS would indeed have profound effects on the mechanism's operation, these are likely to be much less unfavourable than the article implies.

The inclusion of sterling in the ECU currency basket while it is outside the ERM causes, in itself, considerable distortions to the operation of the system's divergence indicator. Although sterling has a notional central rate against the ECU in the system, there is no restriction on the currency's movement relative to this central rate. A sustained appreciation of sterling, for example, would pull the ECU up, so distorting the relationship between other member currencies and their central rates. The outcome is that the operation of the divergence indicators is hindered, such that there is a need to calculate a measure of divergence adjusted for any movement of sterling (and indeed the Italian lira too, which works on wider, ie, 6 per cent bands) outside the system's 2¼ per cent limits. Column 4 of the EMS table in the *Financial Times* does this calculation.

The entry of sterling into the ERM with 2¼ per cent fluctuation limits would eliminate this distortion as far as it is caused by sterling's movements. This would be a highly desirable change which would improve the operation of the ERM significantly. Indeed, one could argue that if sterling does not eventually join the ERM, the objectives of the EMS would be better served by sterling being outside the ECU also.

Dollar weakness already causes strains in the EMS, as funds flow in greater volume into the Deutschemark than into other currencies. If sterling joined the ERM, the worst situation would be that these strains would not be reduced. More likely, if some of the flows out of the dollar went into sterling instead of the Deutschemark, the pressures on the EMS would actually decline. It is true that, under certain circumstances, the existence of two reserve currencies in the EMS may cause additional problems; a time of dollar weakness would not, however, be one of those occasions.

I have not intended to devalue the possible strains in the EMS that may arise from the significant (although declining) petrocurrency's status of sterling. The problems arising, on other grounds, from sterling's entry into the ERM, however, should not be exaggerated. In particular, the technical operation of the EMS itself will be considerably enhanced by the elimination of the anomaly of sterling being in the ECU but not the ERM.

Geoffrey E. J. Dennis,
100 Old Broad Street, EC2.

Technological Luddism

From Mr E. Wood

Sir,—Like Dr Mackintosh (Nov 22) I too was astonished to read Jan Toporowski's article (November 14) advocating the rejuvenation of declining industries. The right reason for supporting sunrise industries is that they create far more wealth per employee than the traditional industries and can therefore offer higher wages and salaries.

The Census of Production for 1982 reveals startling contrasts in wealth creation and wage levels. The table shows a selection of some of the best and the worst.

Industry	Value Added per employee £	Wage/Salary per employee £
Mineral oil & gas	627,623	12,900
Office machinery & data processing equipment	23,869	8,260
Electrical & electronic engin'ring	11,499	6,550
Motor vehicle manufacture ...	9,867	7,214
Textile industry...	7,313	4,723
Footwear & clothing	6,156	4,010

If we had followed the advice of Jan Toporowski in the 1920s we would have supported textiles and clothing to the detriment of motor vehicles, then a sunrise industry with vast wealth creation potential. If we now continue to support ailing industries whose wage levels are out of line with their productivity, we must recognise the consequent effect on our standard of living. Of course, some sunrise industries are high risk; all the more reason for Governments to let the market decide where to invest a portion of the wealth created.

Unfortunately, we do not have similar figures of the wealth created per head in the service industries but I suspect from the wage/salary levels that in many sectors the service industries outstrip most manufacturing industries in terms of the wealth created per head. It is time that the Census of Production was extended to cover service industries so that we can make the right national decisions about our future standard of living.

E. G. Wood,
27, Townscliffe Lane,
Marple Bridge,
Stockport, Cheshire

Potential cut in pensions

From Mr T. Mitchell

Sir, — Might I be allowed to correct a misreporting (November 23) in your columns of one of the points I made in my address to the Institute of Chartered Secretaries and Administrators? I was dealing with the rumours which are currently circulating about the possibility of the Chancellor removing the tax relief on investment income of pension funds. I was correctly reported as saying that a 25 per cent tax would have the effect of virtually halving the solvency levels of pension funds, ie, if a fund currently has enough assets to meet its liabilities, it would suddenly find that it would only have enough to support half its liabilities if this tax were imposed. (In fact, the more precise figure I gave was a reduction of 45 per cent, but half is near enough for illustration purposes, particularly where one is having to make assumptions about the future.)

Where future contribution rates are concerned, however, I suggested that increases of between 50 and 70 per cent would be needed. I did not say, as reported, that they would double. Having said tat, if the members are paying a proportion of the total and their contribution remained fixed, the effect on the employer's contribution could be to double it, if no further action were taken. In practice, one suspects this would be unacceptable and there would be painful cuts in benefits.

It might also be of interest to add that if a 10 per cent tax were levied (as some rumours suggest) even this would reduce solvency levels by about 20 per cent, and increase contribution rates by around 15 to 20 per cent — again with a gearing effect on the employer's contribution in schemes where the members contribute.

There is a danger that too many people do not fully comprehend the repercussions which would flow from this sort of tax. To many, it is an esoteric subject and they think that the only people affected are that nebulous and ill-defined group, the "pensions industry." This is emphatically not the case; the effects would be a dramatic increase in current contributions for employers or a drastic reduction in promised benefits. It has been government policy for decades to encourage people to save for their retirement and this relief is one of the major ways that the encouragement has been given. It would be a sad and retrograde step if it were withdrawn and many millions of pensioners would suffer as a result.

T. F. M. Mitchell,
Briarcliff House,
Kingsmead,
Farnborough, Hants.

Imposing VAT on books

From the Government Affairs Adviser,
National Book Committee

Sir,—Lombard (November 22) may have missed the essence of the case against imposing VAT on books. Our aim is to show the Chancellor, the Department of Education and Science, and the country as a whole that the ability, not just to acquire knowledge but, more basically, to read, is so important to all of us that there should be as few financial restrictions on this as possible. Between 6-10 per cent of our adults are functionally illiterate. The link between unemployment and an inability to read is very strong: to that 6-10 per cent, and to young children, knowledge is less important than basic reading skills. Don't tax reading is a slogan that covers more than just the transmission of culture.

Without a detailed and well-supported factual case that brings home to all involved the damage that VAT on books will inflict on education and research; without an evaluation of its cost to the nation to offset any revenue benefit that may be obtained, we cannot save this country from the possibility of a tax which, under EEC rules, cannot be removed once imposed.

We agree with Lombard that books are different from other VAT-rated commodities, but it is surely inconsistent to defend reading, knowledge and culture merely by expressing bombastic outrage. To do so would turn the book case into no more than an attack on the Government.

The chairman of one of Britain's largest industrial companies recently stated that his sponsorship of the National Book League was stimulated by the lack of literacy among his graduate trainees. Being well-read is one thing; being literate is another. We hope the Chancellor will not make it a luxury for the rich.

Charles Miller,
25, Victoria Street, SW1.

FINANCIAL TIMES

Wednesday November 28 1984

IMPACT OF COAL STRIKE LESSENED BY HIGHER USE OF OIL

Power cuts 'unlikely' during 1985

BY MAURICE SAMUELSON AND JOHN LLOYD

OIL being burned in power stations in England and Wales is now equal to 1m tonnes of coal a week. Independent analysts now believe that that rate of burn, taken together with substantial deliveries of coal, will ensure electricity supplies throughout most of next year, despite the miners' strike.

In other developments yesterday:

● The Prime Minister told the House of Commons that the intimidation and violence of the miners' strike is a "blot on the face of Britain" which had "done our reputation abroad and has done our trade untold damage".

● The rate of the "drift back" to work slowed considerably, with 350 new faces returning to collieries yesterday – of which nearly two thirds reported for work in Scotland and the North-east.

● Talks were continuing late last night between leaders of the TUC and the National Union of Mineworkers – in the absence of Mr Arthur Scargill, the NUM president. The union was represented at the talks by Mr Peter Heathfield, the general secretary, and Mr Mick McGahey, the vice-president.

● The British Association of Colliery Management accepted a wage increase for its 14,000 members of 5.2 per cent on basic salaries, ranging from £7,000 to £40,000.

● The National Union of Seamen reported a second breach of its embargo on coal and oil movements. It said that officers of the Sten, owned by the Hull-based North British Shipping group, had begun to unload coal at West Thurrock power station in Essex, while the crew, members of the NUS, obeyed the embargo on handling coal. In the first dispute, over Crescent Shipping's use of non-union labour to crew the Kindrence, a critical point is expected today when the ship attempts to unload coal at Shoreham power station in Kent.

The oil consumption rate disclosed by two authoritative sources yesterday explains why the Government is so confident in its prediction that there will be no power cuts this winter.

Those predictions, however, depend on assumptions that power workers will not embargo coal and oil deliveries to leading power stations. At present, there are only scattered signs of power workers doing so – although they are being urged to take action by the NUM and their own union leaders.

Together with the high level of coal movements to power stations in the Midlands, the oil consumption data caused London analysts to reassess the security of electricity supplies this winter.

Mr Gavyn Davies, chief economist at Simon and Coates, who on September 24 gave a warning of "real problems maintaining full power supplies this winter," commented last night that with present fuel movements electricity supplies would be safe "right through next summer and a large chunk of next winter as well."

Manila sets early deadline for new syndication

By Peter Montagnon in London

THE PHILIPPINES is to launch a whirlwind syndication of a new money loan totalling $925m from commercial bank creditors at the end of this week, with banks asked to provide their commitments within only 10 days.

This will allow the board of the International Monetary Fund (IMF) to approve the country's request for a $615m standby credit on December 14, which in turn will open the way to negotiations on the rescheduling of $1.1bn in official debt with the so-called Paris Club of industrial country creditors. These negotiations are now scheduled to start in the week of December 17, Mr Cesar Virata, the Philippines Prime Minister, said in London.

Creditors banks are thus being given much less time to subscribe to the Philippines loan than in the case of other countries that have rescheduled their debts, but bankers close to the country's rescheduling negotiations believe that the timetable can be met.

The loan is part of a package that also includes a rescheduling of some $5.8bn in commercial bank loans due up till the end of 1986 and a $3bn short-term trade facility.

The Philippines has a total debt of some $25bn, of which $15bn is owed to commercial banks.

Mr Virata said the bank loan would provide only part of the country's new money needs until the end of next year. The rest will come in the form of some $2.1 to $2.2bn in credits from official sources such as the World Bank, Asian Development Bank and other governments.

Governments which are committed to providing fresh loans include the U.S., Australia, West Germany and Japan, he said. Additionally, the governments of the U.S. Japan and South Korea have provided a $80m bridging loan that has to be repaid by the end of the year.

Mr Virata, in London to meet commercial bankers, said that the Philippines was currently about 75 days late with interest on its commercial bank debt but had been careful not to let the arrears run longer than 90 days which is critical for U.S. banks.

The country's reserves now stand at about $600m, he added.

Bankers have been worried that a lingering dispute over deposits frozen at the Manila branch of Citibank might hold up syndication of the country's new loan, but this problem has been sidestepped in the rescheduling proposals.

One reason why the package might be completed more quickly than Latin American deals is that a large part of the country's foreign debt is concentrated among relatively few banks, bankers say.

● Speculation about the apparently declining health of President Ferdinand Marcos was fuelled in London yesterday when Mr Virata said he could not be sure that the President was not suffering from any serious disease of the vital organs.

Mr Virata told a press conference that President Marcos had been ill over the past two weeks but his appearance in public on Monday showed he was now getting better. He became evasive, however, when asked what had been wrong with the President.

Answering questions, Mr Virata said the President had told him on Friday that he had been suffering from influenza with bronchial complications that had necessitated a period of isolation.

THE LEX COLUMN

Mild stimulant from Beecham

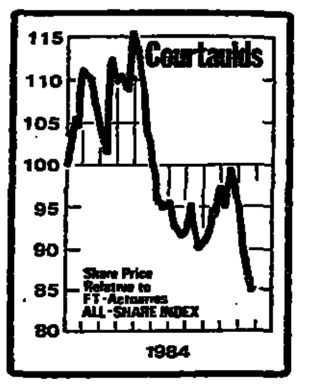
The new chairman of Beecham is out to build bridges with the City of London, and yesterday's interim figures saw the first new bricks slot firmly into place. After a succession of so-so or outright disappointing results, the company produced numbers good enough to lift the share price 13p to 368p.

It may be a mark of how far Beecham's star has fallen that a 12.1 per cent improvement in profits, to £142.8m pre-tax, should produce such an enthusiastic response. Earnings per share are down again and, for all the disappointments, the equity still attracts a demanding rating. Full year profits of £315m pre-tax would leave the shares on a multiple of almost 15 times after a 44 per cent tax charge.

The trading performance itself still looks patchy. The strength of the dollar can have done Beecham's export business no harm, while the rights issue proceeds of last summer are still flattering the interest payable figure. Profits from pharmaceuticals have shown hardly any improvement and the size of the unrelieved ACT bill is a fair commentary on the state of trading in the UK.

None the less the figures do contain encouraging pointers to the future. Consumer products are flourishing in the U.S. and continental Europe, thanks to some sensible acquisition and a more vigorous marketing strategy which is showing through most strongly in cosmetics.

The key question is whether Beecham can now lift the pharmaceutical division off a plateau. The product range looks more exciting – Augmentin is off to a cracking start in the U.S. and Relifen is awaiting clearance in the UK. The division is still vulnerable to official action in Japan and the UK but, if the marketing drive which has propelled consumer products so effectively can be applied to the remainder of the business, Mr Halstead may find bridge-building rather a pleasant occupation.



Courtaulds

The Courtaulds share price has been having a rough ride in recent weeks, while the stock market reminds itself that the commodity-fibre cycle can still turn downwards. This is a fact which Courtauld's figures for the six months to September have underlined; profits from fibres have indeed slipped by 10 per cent, and most market forecasts for the full year have been pulled back to around £125m before tax – implying scarcely any real growth, compared with 1983. At 123p, the multiple is something under 5½ times, a valuation which betrays scepticism, if not actual disillusion.

The structural improvements Courtaulds has put itself through in the past few years are undergoing the test of adverse market conditions. Having seen that Courtaulds' profits could double in a year of good volume gains, the market is bound to wonder if the old operational gearing does not still run in the reverse direction. So far, however, the signs are not at all discouraging.

In fibres alone, a 17 per cent fall in export volumes would have cost far more than £3m in any previous downturn, and it might not have been accompanied so swiftly as it has this time by further cuts in capacity. Elsewhere with the exception of BCL, Courtaulds has continued to improve margins across the board. In some areas, notably fabrics, the improvement may be precarious – but it is still there. For the moment, however, it is the uncertainty rather than the achievement that seems to be driving the market.

Allied-Lyons

Allied-Lyons has pushed half-year profits over £100m in a rather desultory fashion. The pre-tax figure for the six months to September squeaks in at £100.8m, but half of the improvement on the previous year's £90.5m can be attributed to extra property disposal profits, while capital employed over the same period has grown by more than a quarter.

Not all the blame for a declining return on capital can fairly be laid at Allied's door. The UK miners' strike has added further to the difficulties in the beer market, and Allied did well enough to inch out its margins on roughly maintained volume. Meanwhile, rising tea and coffee prices added between £30m and £40m to working capital, besides squeezing the return on sales. The budget, needless to say, was no help at all in Allied's eyes.

So Allied has nothing to apologise for in yesterday's results, even if the 5p fall in the share price to 184p reflected a degree of disenchantment in the market-place. The company can happily reel off a string of new products – alcohol-free gin and tonic is a recent favourite – and hopes for the new Australian Castlemaine lager are running high.

Allied still leaves the impression, however, of a group which is better at responding to other people's ideas than at dreaming up its own. Castlemaine, for example, is clearly a rather belated response to the tremendous success of Foster's. A prospective yield of over 7 per cent currently looks as good a prop for the shares as any.

Hotel bids

The motives of Intasun for trying to buy the Comfort chain of hotels were not apparent to everyone on the market yesterday. The commercial experience of a successful tour operator – whose established skill is delivering holidaymakers to resort hotels run by other people overseas – does not obviously transfer to managing the sort of UK business at which Comfort is adept. And since the bid is unwelcome, at the starting price anyway, Intasun's managerial resources might be stretched rather thin if it got behind the reception desk. And the prospect of earnings dilution is hard to discount.

As for the offer Comfort has simultaneously launched for Prince of Wales, the logic of such a deal is a little easier to discern. Though the price is not exactly pitched in the bargain basement, this is an acquisition which would fit in with Comfort's aim to extend its business outside London. Any connection with the wish to deter Intasun is, of course, a matter of coincidence.

Ascometal plans to reduce workforce by 4,000

By David Housego in Paris

ASCOMETAL, France's state-owned engineering steels group, plans to cut its workforce by over 4,000 or more than a third in an effort to stem losses.

The company, newly formed by merging the engineering steels activities of the large state-owned steel groups Sacilor and Usinor, also announced yesterday that it plans to make investments of FFr 3.7bn ($394.8m) by 1988.

The moves come at a time when France has come under fire from some of its European partners for seeking a postponement of the 1985 deadline for phasing out subsidies in the European steel industry. The engineering steel subsidies of Sacilor and Usinor contributed over FFr 1bn to the combined losses of the groups of FFr 8bn.

About half of the 4,000 job losses will come from Lorraine, France's eastern steel producing region which suffers from the disadvantage of high cost mineral ore. The engineering steels sector currently employs 11,500 people.

Because of the substantial losses of the engineering subsidiaries of the two groups, the Government earlier this year forced a merger.

In the newly formed company, Sacilor holds 51 per cent of the shares and Usinor 49 per cent. It has a turnover of about FFr 5bn.

The two groups have also similarly merged their long products divisions (bars, piling) by setting up another jointly-owned company, Unimetal. Long products accounted for the bulk of the French steel industry's losses last year.

Spain agrees to open border with Gibraltar

BY QUENTIN PEEL IN BRUSSELS

THE SPANISH Government yesterday agreed to lift all remaining border restrictions affecting Gibraltar in exchange for British willingness to discuss the question of sovereignty of the disputed colony.

The deal will restore free movement of people, goods and vehicles across Gibraltar's frontier with Spain by February 15 at the latest, and set in train long-term negotiations to resolve "all the differences" between the two governments.

At the same time, the British Government insists that it will "honour the wishes of the people of Gibraltar" in any future talks.

The agreement was finalised in Brussels over the past two days by Sir Geoffrey Howe, the British Foreign Secretary, and Sr Fernando Moran, his Spanish counterpart, in the wings of the wider European Community negotiations on the future membership of Spain.

It provides for both Spaniards and Gibraltarians to live on either side of the border, to set up in business and to buy property. It restricts, however, the free movement of employed workers for the proposed transition period of Spain's entry into the EEC – which is seven years.

It also requires the Spanish Government to lift its present restrictions on flights to and from Gibraltar by promising to take "the early actions necessary to allow safe and effective air communications."

General Franco closed the border as long ago as 1969, but the present Spanish Government partially reopened it in 1982 to pedestrians using the land frontier. Goods purchased in Gibraltar were not allowed into Spain.

Yesterday's breakthrough centred on the form of words required to reassure Spain that the question of sovereignty can be raised in future talks, while allowing Britain to insist that it will not make any changes against the will of the people of Gibraltar.

The agreement goes further than the Lisbon Declaration of 1980 which simply committed the two sides to "consider any proposals which the other may wish to make." Four previous efforts to put the Lisbon agreement into effect have been aborted largely over that question.

The deal was regarded by the British Government as a necessary precondition for Spanish entry into the EEC. It was welcomed by Sir Geoffrey as "opening the way for broad co-operation over a whole range of issues, as befits relations between Nato allies and prospective Community partners."

The forthcoming negotiations will cover issues including economic, cultural, touristic, aviation, military and environmental matters.

Sr Moran said the agreement "really opens the door for fuller and closer co-operation."

While stressing the British concession on the discussion on sovereignty, he said: "We have the greatest respect for the feelings of the Gibraltarians themselves. It would be a mistaken policy of the Spanish Government not to take them into account."

Sir Geoffrey said the agreement would be good for Gibraltar in allowing its economy to develop, for joint co-operation between Gibraltar and Spain and between Spain and Britain. He said it was "very satisfactory that we have been able to reach agreement well before the date on which Spain is due to join the EEC."

Details, Page 3; Editorial comment, Page 14

Intasun takeover bid for UK hotel chain

BY RAY MAUGHAN IN LONDON

INTASUN LEISURE, Britain's second largest tour operator, launched a £44m ($52.8m) bid for Comfort Hotels yesterday, only to discover within the hour that Comfort had launched its own agreed £15m takeover of Prince of Wales Hotels.

Mr Harry Goodman, founder and chairman of Intasun, said that the group's policy was to diversify within the leisure industry and, as a major customer of hotel rooms, the tour operation possessed "significant expertise in a business dependent upon high occupancy levels."

But the approach, first discussed with Comfort at the end of last month when Intasun revealed a 14.97 per cent stake in the chain of 14 British two-and three-star hotels, was quickly rejected. Instead, Comfort was able to disclose the agreement with Taddale, an industrial holding company, to buy Taddale's 51 per cent holding in Prince of Wales Hotels.

Intasun is offering two of its own shares and 130p in cash for every five Comfort shares. Taking Intasun at 112p, up 4p yesterday, the terms value each Comfort share at just less than 71p against a closing price of 74p after a 7p rise.

Comfort, for its part, is offering 98 shares for every 54. Prince of Wales shares which are consequently valued at 134.3p each against a market price of 115p. Taddale, which acquired its holding only last February for the equivalent of 70p, is accepting Comfort's 98p per share cash alternative.

Intasun acquired a 14.97 per cent in Comfort from Imperial Life and Gomba, the holding company controlled by Mr Abdul Shamji, at the beginning of last month. Talks between Mr Goodman and Mr Henry Edwards, chairman of Comfort, started shortly afterwards and a joint management venture was briefly discussed.

At that point, Comfort was someway down the track with a bid for Prince of Wales which Mr Edwards had hoped to disclose last week. POW is linked with Quality Inns of the U.S., one of the leading hotel chains in the world, and Comfort hopes shortly to finalise agreement with Quality on a joint company in Europe. The U.S. chain has an option to buy 9 per cent of POW from Taddale.

Intasun is selling five aircraft from its Air Europe fleet of Boeing 737-200 which will raise some £28m. The cash element of the Comfort offer would absorb about £21m as Intasun attempts to inject what it called "style and branding" into the hotel chain.

Intasun expects to provide more than 1m holidays, primarily in the Mediterranean, this year and plans to spend more than £100m with over 400 overseas hoteliers.

See Lex; Background, Page 24

China to slice into lunchtime

By Mark Baker in Peking

THE LONG lunchtime snooze – one of the most prized perks of the Chinese worker – is being brought to an end. The State Council, China's cabinet, has ordered that from January 1 state employees must cut their lunch break in half – from two hours to one.

While the Council's message mentions only workers in Peking, the move appears to be the first step to ending the institution of the two-hour lunch for millions of workers across the country. And if any one of the recent radical economic reforms is likely to provoke the ire of the generally docile Chinese masses, this is it.

The two-hour midday rest, or Xiuxi ("shoo-she") is such a part of the worker's life that the "right to rest" is even written into the Chinese constitution.

After eating lunch at the staff canteen, hundreds of thousands of city workers return to their offices to sleep. Many offices have beds especially for lunch-time-slumbering, but chairs, desk-tops and carpets make handy substitutes.

A foreigner who returned to the vast dining room at the Peking Hotel one day to retrieve a forgotten bag – only minutes after closing time – discovered the entire staff prostrate on rows of dining chairs.

Trade relations with Indonesia thaw, Page 6

W. Germany set for record trade year

Continued from Page 1

Federal Statistics Office in Wiesbaden, however, was a fillip for the Government as it responded to bitter criticism of its economic strategy in the parliamentary debate on next year's budget.

The Finance Ministry expects to keep the federal deficit down to DM 25bn in 1985, compared with DM 29.5bn this year, despite a DM 2bn shortfall in tax revenues. This should be made good by a further leap in profits remitted to Bonn by the Bundesbank, to DM 12.5bn, compared with an earlier estimate of DM 10.5bn.

The florid state of public finances has not prevented a dispute between the liberal Free Democrats (FDP) and its larger partners in the coalition. This is over how to recover revenue lost when the constitutional court earlier this month nullified the so-called "forced loan," or tax surcharge on upper incomes.

EC close to agreement on EMS package

Continued from Page 1

cies in each country, and if necessary, to a particular government to account for its actions in the monetary committee.

At the same time, France and Italy appear to have given assurances that they intend to take some admittedly modest steps towards relaxing exchange controls to boost the use of the Ecu.

A number of measures which were initially proposed by the Commission, however, have now been dropped from the package.

The most important was a change to West German laws which ban the private use of the Ecu. Community officials now seem convinced that the proposal has little hope of immediate success because of the Bundesbanks opposition.

West Germany, the Netherlands and Britain have blocked plans which would have removed restrictions on Ecu transactions between central banks, and allowed greater use of Ecus by governments defending their currencies' parities in the EMS exchange rate mechanism.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	16	61	Dubrovnik	C	16	61	Malaga	C	18	64	Salzburg	F	6	43
Akrotiri	S	21	70	Faro	S	19	66	Malta	S	20	68	Seoul	S	2	36
Algiers	S	18	64	Florence	C	15	59	Manila	C	26	79	Singapore	F	28	82
Amsterdam	F	7	45	Frankfurt	F	5	41	Miami	C	25	77	Stockholm	C	1	34
Athens	F	20	68	Funchal	S	20	68	Milan	S	11	52	Strasbourg	S	7	45
Bahrain	S	26	79	Geneva	S	8	46	Moscow	C	-3	27	Sydney	S	28	82
Bangkok	F	32	90	Gibraltar	F	16	61	Munich	F	5	41	Taipei	C	18	64
Barcelona	S	14	57	Guernsey	F	10	50	Nairobi	-	—	—	Tangier	S	19	66
Beirut	S	22	72	Helsinki	S	-8	18	Naples	F	18	64	Tehran	-	—	—
Belgrade	R	9	48	H. Kong	C	21	70	New Delhi	S	21	70	Tel Aviv	S	24	75
Berlin	F	7	45	Innsbruck	F	5	41	New York	F	15	59	Tenerife	F	22	72
Biarritz	S	13	55	Inverness	-	—	—	Nice	S	17	63	Tokyo	S	14	57
Blackpool	R	11	52	Istanbul	F	16	61	Oporto	S	17	63	Toronto	C	12	54
Bordeaux	C	7	45	Jersey	F	10	50	Oslo	F	-3	27	Tunis	F	18	64
Brussels	F	11	52	Jo'burg	C	22	72	Paris	S	8	46	Valencia	S	15	59
Budapest	F	9	48	Las Palmas	C	20	68	Prague	C	5	41	Venice	F	12	54
B. Aires	F	25	77	Lima	F	22	72	Reykjavik	C	1	34	Vienna	S	8	46
Cairo	S	23	73	Lisbon	S	14	57	Rio de J'o	C	32	90	Warsaw	C	5	41
Cape Town	S	21	70	Locarno	S	15	59	Rome	R	12	54	Zurich	S	6	43
Caracas	C	28	82	London	C	10	50								
Casablanca	S	18	64	Los Angeles	R	19	66								
Copenhagen	C	4	39	Luxembourg	-	—	—								
Corfu	C	18	64	Madrid	S	10	50								
Dublin	D	12	54	Majorca	S	16	61								

Readings at mid-day yesterday

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

U.S. tax reform plan

Continued from Page 1

Mr David Stockman, the Budget Director, is today due to give the Cabinet separate options for halving the projected deficit to $100bn – or about 2 per cent of gross national product – by fiscal 1988, which begins on October 1 1987.

The reduction would be achieved by domestic spending cuts, without touching social security, raising taxes or seriously undermining the defence build-up, all of which Mr Reagan has placed off limits.

The spending cuts to be proposed by Mr Stockman today will be "illustrative" of ways to reduce the deficit rather than firm recommendations, officials said yesterday. They said that the cuts were concentrated in non-military domestic spending, including farm subsidies, civil service pensions, veterans' programmes, education, aid to students

The plan was also said to include an option for reducing the growth rate of defence spending, projected at about 7 per cent in real terms in 1986 and 1987, although both Mr Reagan and the Pentagon have strongly opposed any slowdown.

Medicare, the health care programme for the elderly, would be subject to some cuts, though not major ones, the officials said, while most benefit programmes for the poor would not be seriously affected.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Wednesday November 28 1984

State cash injection for Van Doorne

By Laura Raun in Amsterdam

VAN DOORNE Transmissie, the automatic transmission maker which has been on the brink of bankruptcy, will be bailed out by the Dutch Government, which will provide a cash infusion and purchase Borg Warner's unwanted stake.

The Dutch Economics Minister, Mr Gijs van Aardenne, refused to disclose the amount of the short-term bridging aid or the price paid for Borg Warner's 24 per cent share in Van Doorne. Van Doorne has said it needed Fl 40m ($11.7m) to move into mass scale production by next June. The Tilburg-based company said it had not been notified of the amount of the Government's assistance but was satisfied with the solution.

Borg Warner, which initially put up Fl 15m when Van Doorne was established in 1979, had asked for Fl 30m for its stake but had hinted that it would settle for Fl 15m or possibly less. The Chicago-based car component maker declined to say how much it received.

The Dutch Government already owns 40.15 per cent of Van Doorne as a result of its 12.5 per cent direct participation and 27.65 per cent through Volvo Car, an affiliate of Volvo of Sweden in which the Dutch Government owns 70 per cent. Fiat of Italy and Borg Warner each hold 24 per cent, while the remaining 11.85 per cent is held by Volvo through Volvo Car.

The Economics Ministry plans to sell the Borg Warner 24 per cent stake to a third party. The semi-governmental Corporation for Industrial Projects has said it would be interested in purchasing the stake if financing were guaranteed, mass production capability were assured, proper management were installed and shareholders' rights were clearly delineated.

Terry Dodsworth in New York and Ian Rodger in London look at Tenneco's $430m bid

Harvester deal that could end the lean years

THE TAKEOVER of International Harvester's (IH) farm equipment business by Tenneco should lead to an early improvement in market conditions in North America. The restructuring of the European assets of IH and Tenneco's J. I. Case subsidiary, however, could take many forms and considerable time.

Mr James Ketelsen, chairman of Tenneco, said yesterday that the company's $430m bid could go ahead without the IH plants in France and West Germany.

"We are interested in Western Europe, but we don't have to have it," Mr Ketelsen said in New York.

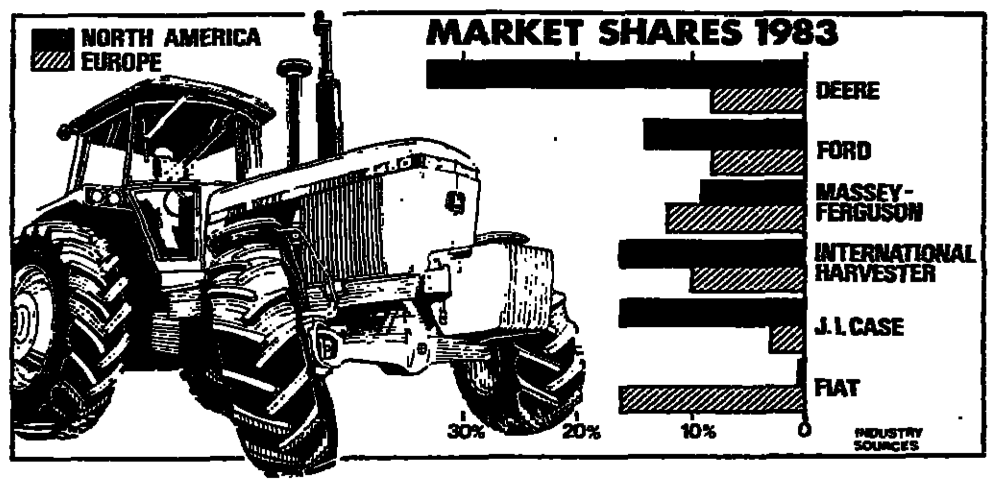
He explained that following the takeover, Case and IH dealers in the U.S. would all carry both lines of equipment. Tractors of over 100 horsepower would be made at Case's plant at Racine, Wisconsin, and carry the Case name, but there would continue to be both Case and IH lines of tractors under 100 horsepower. Both lines would continue, as at present, to be made in England, the IH line at Doncaster, the Case line at Huddersfield.

Engines for both lines would be supplied initially by Case, and subsequently by Cummins Engine, which is in a joint venture with Case that is beginning to produce a new series of power units. This means that the IH plant at Neuss in West Germany would stop supplying engines to Doncaster.

These arrangements leave unsettled the future of the Case (and IH) presence in the over-100 horsepower tractor market in Europe. Case has no significant share in this market, but it is a very important part of the IH business in Europe. Presently, the company makes large tractors at Neuss and at St-Dizier in France.

Mr Ketelsen said Tenneco had an option to buy the French and German plants of IH at no additional cost, but whether or not it exercised that option depended on negotiations in those countries. He pointed out that a recent refinancing of IH France, in which the French Government was to participate, was called off when the Tenneco deal took place. He did not know whether that deal would be offered to Tenneco.

As for the British operations of Case and IH, which include two large dealer networks as well as the plants, he said that "there may be some scope for making better use of the combined resources." Some observers fear that one result of the merger may be that some dealers will decide to switch to importers.



In the U.S., Case emerges with its product line very much reinforced and broadened. It adds a range of combines made at the IH plant in East Moline, Illinois, along with a range of other IH implements made at Hamilton, Ontario. It will also get the machinery to make cotton pickers from IH's Memphis plant, which was in the process of being closed.

In addition, it has acquired the tooling and production lines from IH's large tractor plant at Rock Island, Illinois, which is to be closed. Case said this equipment would be transferred to its own tractor plant at Racine, Wisconsin, which is operating at only around half its capacity. Case sold 7,700 large tractors in North America last year, IH 7,600.

Tenneco is also buying IH's network of 1,700 dealers in the U.S. and back-up services. This triples the number of dealers available to Case, bringing its network close to the size of Deere & Company, the industry leader. Mr Ketelsen said he expected a 15 per cent reduction in the number of dealers.

The tepid reaction of Wall Street to the transaction underlines both the risks involved in the deal and the uncertainties about the outcome. There could be substantial rewards for Case if it can rationalise effectively and if the market improves. Mr Ketelsen hoped that the takeover, together with a planned two month shutdown at Racine in February and March, would be enough to restore balance to the U.S. tractor market. If so, Case could be back in profit by the fourth quarter of 1985.

Mr Ketelsen said he hoped the Case/Harvester combination would have a U.S. market share of around 35 per cent, against Deere's 40 to 42 per cent. The U.S. market, which will take about 85,000 units this year, would never again approach the 170,000 units of 1979, but he expected it to recover to perhaps 120,000 in a good year.

Other major tractor makers were surprised and delighted by the announcement. Most had long since given up hope that any major producer would abandon the overcrowded farm equipment industry.

Massey-Ferguson, which, like IH, has been in severe financial difficulty in recent years, said it welcomed moves to achieve further rationalisation in the industry.

Deere said it was too early to predict the outcome of the merger. "The farm and industrial equipment markets have always been very competitive and our planning is based on the assumption that this will continue," a spokesman said.

Canadian utility hit by jump in charges

By Bernard Simon in Toronto and Robert Gibbens in Montreal

HYDRO-QUEBEC, Canada's largest power utility and a major borrower on international capital markets, suffered a C$ 123m (U.S.$93.1m) loss in the three months to September 30 due to a sharp increase in interest and depreciation charges.

The utility, which is owned by the province of Quebec, posted a net profit of C$61m in the third quarter of 1983. Revenues rose from C$778m to C$868m.

A Hydro-Quebec official said yesterday that the group had warned lenders last year that its 1984 earnings would be substantially lower than the 1983 profit of C$707m. It forecast earnings this year of C$238m, a figure exceeded by C$20m in the first nine months of this year. The official said that income for the year as a whole is expected to remain at around C$200m

The commissioning this year of new hydroelectric and nuclear generating facilities has raised interest and depreciation costs, while the application of new accounting guidelines has increased the impact of foreign exchange losses caused by the declining Canadian dollar. Foreign exchange losses rose by C$68m in the first nine months of 1984.

Power sales volumes in Quebec rose by 11.7 per cent in the first nine months compared with the same period last year, while sales outside the province were 14.1 per cent higher, due mainly to extra deliveries to Ontario. Export revenues moved up by 19 per cent to C$463m.

The company said, however, that the start-up of the new facilities had created "temporary" power surpluses which were not generating any revenue. The new capacity includes several units at the giant James Bay hydroelectric project and the Gentilly nuclear power station near Montreal.

Avco rebuff for Irwin Jacobs

BY WILLIAM HALL IN NEW YORK

AVCO, the U.S. financial and aerospace company which fought off an unwelcome takeover bid last August, has rejected the overtures of Mr Irwin Jacobs, the Minneapolis financier, who now controls just over 12 per cent of the company.

Avco said yesterday that it had received a letter from Mr Jacobs stating that he and his associates continued to believe that Avco shares were undervalued and would like to explore the feasibility of arranging a transaction "pursuant to which Avco's shareholders would realise a premium above present market value for their shares."

Mr Jacobs, who has been involved in several corporate fights including this summer's manoeuvrings at Walt Disney, said he believed that he could secure the necessary financing for such a deal and said that on the basis of his present thinking "an appropriate price level is excess of book value."

Mr Jacobs' letter requested Avco's cooperation in a more detailed investigation of Avco and its affairs by Mr Jacobs and his associates. However, Mr Robert Bauman, Avco's chairman, said that his company had considered Mr Jacob's request and concluded that no useful purpose would be served by pursuing discussions with Mr Jacobs and his associates

In the first nine months of its current financial year Avco's net income rose 14 per cent to $87m and revenues rose from $2.0bn to $2.1bn. In August Avco bought back 10.7 per cent of its shares from Leucadia for $35.75 per share, slightly below the prevailing market price. Avco shares rose 25 cents to $41 yesterday morning.

Litton makes steady progress

By Our Financial Staff

LITTON Industries, the Beverly Hills-based defence and electronics group, has continued its steady record of earnings growth by lifting first-quarter net profits from $55.7m or $1.30 a share to $67.7m or $1.59.

The previous period includes a loss of $4.6m on the sale of most of Litton's discontinued business systems division.

In the fiscal year ended July 31 Litton lifted earnings from continuing operations by 10.5 per cent to $277.4m.

Northern Telecom lifts capital budget 59%

BY BERNARD SIMON IN TORONTO

UNEXPECTEDLY strong demand has prompted Northern Telecom, the Canadian manufacturer of digital telecommunications systems, to accelerate its capital investment plans, a senior company official told a group of investment analysts yesterday.

The 1984 capital budget has been raised from C$500m (U.S.$381m) to C$800m, 59 per cent higher than last year's spending. More than a third of the investment is for additional production capacity or the groups DHS range of central office switches.

Northern Telecom president Mr Edmund Fitzgerald said that sales to Bell operating companies in the U.S. were expected to more than double this year to around C$700m, four times the 1982 level. These figures exclude private branch exchanges (PBXs)

Northern Telecom total revenues are expected to top C$4bn for the first time this year, compared to C$3.3bn in 1983.

King of Diamonds gives up chair at De Beers

BY KENNETH MARSTON, MINING EDITOR

THE KING of Diamonds is to step down. After 27 years as chairman of De Beers Consolidated Mines, Mr Harry Oppenheimer (76) is to retire at the end of this year. Mr Oppenheimer will, however, be keeping his seat on the board—a position he has held for 50 years.

As expected his place is to be taken by Mr Julian Ogilvie Thompson, the present deputy chairman. Mr Oppenheimer's son Nicky becomes deputy chairman and, no doubt, will eventually take the chair (as did his father and his grandfather, Sir Ernest Oppenheimer) of what may be regarded as the world's biggest family business.

Mr Harry Oppenheimer

The news of Harry Oppenheimer's retirement comes as no great surprise, following his decision two years ago to leave the chair at the associated Anglo American Corporation of South Africa. He would probably have left De Beers at the same time but for the recession which was racking the diamond world.

The love affair with diamonds began back in 1932 when Harry Oppenheimer, like his father before him, became a diamond sorter. The market, as most others, was still suffering from the aftermath of the 1929 crash. World mine production was cut back but the unsold stocks of rough (uncut) diamonds held by the market controlling set-up, the De Beers run Central Selling Organisation (CSO), steadily rose, a scenario similar to that of the past three years or so.

After war service in the Western desert he went into politics winning the seat of his home town Kimberley for the United Party in the 1948 general election. However, it was the Nationalist Party that won the day and Harry Oppenheimer spent 10 years as a member of the opposition.

The death of his father in 1957 ended his political career and he then returned to the family business as chairman of both Anglo American and De Beers.

He never allowed control of the diamond market to slip from the grasp of the CSO during the boom years of 1978-79 when prices of polished gems were overheated by merchants, notably in Israel, hoarding uncut stones as a hedge against currency and other uncertainties.

Today, the CSO is living with a problem similar to that of the depression years of the 1930s. Mine production has been trimmed and to avoid any—unheard of—reduction in prices of roughs the syndicate is holding unsold stocks which had a value of $1.85bn at the end of last year, when sales totalled $1.6bn, and which probably remain at this excessive level.

As a man who is part of the diamond dynasty Harry Oppenheimer has remained at the helm of De Beers through the storms of the 1980s recession. To a degree, these storms have now abated, but his ship will need all the expertise of "Jot" Thompson for some time yet.

S$100m facility for Keppel Shipyard

By Chris Sherwell in Singapore

KEPPEL SHIPYARD, one of Singapore's leading industrial corporations, and four major local banks yesterday agreed on the terms of a S$100m (US$46.1m) revolving underwriting facility, the first ever to be arranged in the island state.

The five-year facility marks the "final leg in the overall exercise of restructuring the debt portfolio of the Keppel group," according to the company, and will be used to refinance some of its more expensive borrowings. Earlier this year, Keppel announced a US$100m commercial paper issue in the U.S.

The facility has won the blessing of the Monetary Authority of Singapore, the government's powerful financial sector regulatory arm.

DBS Bank—like Keppel itself, a government-controlled entity—is one of the four underwriting banks, and will also manage the issue for Keppel. The other three are Oversea-Chinese Banking Corporation (OCBC), Overseas Union Bank, and Tat Lee Bank.

The agents for the issue, and pioneers of the arrangement in Singapore, are Singapore International Merchant Bankers, a joint venture between Schroder Wagg of London and the OCBC group in Singapore. Schroders has previously led the way in this field in Hong Kong.

Under the arrangement, Keppel can borrow up to S$100m over the next five years by issuing one-month, three-month, and six-month notes. As a sign of its good credit rating, it would pay a rate not greater than DBS Bank's prime rate in the first three years and not more than DBS prime plus one-eighth percentage point in the last two years.

Apart from the four underwriting banks, six other banks would be invited to bid for the notes as members of a tender panel.

Recovery continues at Pioneer

BY ROBERT COTTRELL IN TOKYO

PIONEER Electronic Corporation, the Japanese electronics manufacturer which is a market leader in audio equipment and laser video discs, has reported group net profits of Y8.07bn ($32.8m) for the year to September 30. This is a sharp increase on last year's Y2.23bn, and continues Pioneer's recovery from the Y3.07bn net loss of 1981-82.

Sales rose by 3.7 per cent to Y320.27bn from Y308.74bn, and profits before tax and extraordinary items totalled Y19.70bn, an increase of 34.3 per cent over the Y14.67bn recorded in 1982-83.

Parent company results for the same period show net profits just 0.1 per cent higher at Y7.14bn, in line with the company's interim forecast. Parent company sales rose by 3.4 per cent, to Y247.3bn from Y239.06bn, and profits before tax and extraordinary items by 3.8 per cent, to Y14.67bn.

Pioneer said it plans to maintain its full-year dividend at 25 cents, and forecast parent company net profits of Y8bn for the current year on sales of Y280bn.

Central to Pioneer's recovery has been the strength of its Laser-Disc video disc format, which most analysts believe will emerge as the industry standard. The company is also one of Japan's largest manufacturers of audio products and car stereo systems.

The sharp rise in group net profits was due to the expansion of the company's visual-equipment product line as well as to improved profitability in its overseas subsidiaries.

KLSE eases its rules to regain Singapore business

BY WONG SULONG IN KUALA LUMPUR

MAJOR AMENDMENTS are to be made to the rules of the Kuala Lumpur Stock Exchange designed to regain Malaysian business now going to the rival Stock Exchange of Singapore and to stimulate activity on the KLSE, where the industrial index has fallen to a 20-month low.

About 60 per cent of the 250-odd companies on the SES are Malaysian-based and volume on the SES is usually four to five times higher than business on the KLSE.

It is estimated that as much as 20 to 25 per cent of the volume on the SES is done on behalf of Malaysian businessmen who are given better credit facilities and find it more convenient and in some instances cheaper to do business on the SES.

The amendments which would be tabled at the KLSE Annual General Meeting on December 16, are believed to have the support of the Finance Ministry, and the Central Bank, which has indicated to banks that they can now accept shares as security for loans to clients.

One amendment would allow Malaysian stock brokers to obtain bank facilities by pledging shares held by them on behalf of buyers who have not paid up. Currently, brokers are deemed to have only a lien, but not ownership of such shares.

The minimum liquidity rules, which limits KLSE members from trading not more than four times their brokerage fee received is to be lifted and another amendment allows time bargain contracts, (or settlement contracts) to be traded on the KLSE, as is being done on the SES.

It is also proposed that the brokerage fee charged for the transfer of shares done on the basis of "pass through" deals be reduced from 1 per cent to ½ per cent. This would allow Malaysian financial institutions such as merchant banks, unit trusts and co-operatives to transfer shares from one unit to another as cheaply in Malaysia as in Singapore.

INTL. COMPANIES & FINANCE

Third-quarter recovery at VW

BY OUR FRANKFURT STAFF

VOLKSWAGEN, the West German car manufacturer, has cut its group loss to DM 47m ($15m) in the first nine months of this year from DM 247m in the same period of 1983.

It made a sharp recovery in the third quarter after suffering a group loss of DM 162m in the first half of the year, when it was hit by the national engineering strike.

VW's latest performance has strengthened hopes that it may be returning to profitability after the major setbacks of recent years. With problems in the U.S. and Latin America, and at its Triumph-Adler office products subsidiary, VW incurred a group loss of DM 300m in 1982 and DM 215m last year.

The company, in which the West German Federal Government and the state government of Lower Saxony each has a 20 per cent stake, omitted a dividend for two years in succession.

VW made a group net profit of DM 51m in the first quarter of this year, but suffered a setback as it lost production of about 160,000 VW and Audi cars during the labour conflict in May and June.

Since then it has been making up some of the lost output through extra shifts, and has also benefited from economic recovery and the strong U.S. dollar.

Group sales reached DM 32.4bn in the first nine months of this year, 11.6 per cent higher than in the same period last year. Revenue was boosted by buoyant sales of dearer models, as well as by the increased D-mark value of dollar earnings.

VW obtained 67.6 per cent of its sales revenue from markets abroad, compared with 62.2 per cent a year earlier.

The VW group produced just over 1.5m vehicles in the first nine months of this year, only 5.4 per cent fewer than the same period last year.

The VW parent company's loss was put at DM 52m in the first nine months. In the first quarter, the Wolfsburg-based parent reported a profit of DM 46m, but a loss of DM 131m for the first six months.

The group increased its workforce by 2.1 per cent to 237,000, with 160,000 in West Germany and 77,000 abroad.

Nestlé puts off $1bn Euromarket loan

BY ANTHONY MCDERMOTT IN VEVEY

NESTLÉ, the Swiss foods group which is seeking control of Carnation in the U.S., is awaiting the decision of the Federal Trade Commission before it concludes negotiations for a $1bn Euromarket loan to help finance the $3bn deal.

Mr Helmut Maucher, Nestlé managing director, said of the loan: "We do not need that amount at the moment." The company's current cash holdings are reckoned to be well above SwFr 5bn ($1.9bn).

Mr Maucher said that he was optimistic that the FTC would agree to the acquisition, but he added: "Nothing has been concluded yet."

The FTC's consent order expires on January 7, while the bid date has now been extended, for the fourth time, until December 7. However, some decision on financing may be made when the Nestlé board meets tomorrow.

The proposed $1bn loan would replace part of the $2.5bn bridging loan, led by Citibank, which Nestlé considers too expensive. Credit Suisse First Boston has been mentioned as a possible lead manager for the replacement borrowing, but Nestlé is insisting it will be on "very flexible" terms.

The FTC's objections halted a separate takeover bid by Nestlé for a U.S. company earlier this year. It backed out of a $525m bid to acquire CooperVision, the contact lens specialists, last July after the FTC raised objections to the deal.

Mr Carl Angst, a Nestlé director, said that the Swiss company had acquired some 76 per cent of Carnation's shares. The deal was announced at the beginning of September, but the FTC is still considering whether the merged company's share of the cocoa-mix market might be excessive.

This could result in the FTC requiring a partial divestment within the U.S. Mr Maucher said, however, that in terms of Carnation "it would never be a big amount, not one-third or one quarter, only small sectors."

Telerate earnings jump 43%

By Our Financial Staff

TELERATE, the fast growing business information company 51.5 per cent owned by Exco, the UK money broker, boosted net income for the year ended September 30 by 43 per cent, and revenues by 70 per cent.

Earnings were $28.7m, or 65 cents a share, against $20m, or 48 cents, on rewenues of $114m, against $67m. The quarterly dividend has been raised to 8 cents a share from 5 cents.

Mr Neil Hirsch, president and chef executive, attributed the advance in earnings to the continuing flow of domestic orders from first-time subscribers and existing users, and an increasing order rate from overseas.

Telerate's terminal base grew to 14,000 worldwide inthe year, up from 11,000 the year before. The number of terminals outside the U.S. and Canada rose from 3,000 to more than 4,000.

The number of contributors has also increased, from 300 to more than 400.

Ambrosiano climbs out of the red

By Alan Friedman in Milan

NUOVO BANCO Ambrosiano, the successor bank to the defunct Banco Ambrosiano, managed to break even for the financial year to last June 30. Dr Giovanni Bazoli, the chairman, yesterday annouuced a 1983-84 profit of L70m ($37,000), which compares with a L24.9bn loss suffered by Nuovo Abrosiano in its first 11 months.

The bank is owned by a pool of three public sector and four private Italian banks which stepped in with a rescue package in August 1982, a few weeks after the death of Sig Roberto Calvi, chairman of the collopsed Banco Ambrosiano group.

The nominal L70m profit was struck after bad debt provisions and writedowns totalling L97bn. The equivalent writedown for 1982-83 was L89bn.

Dr Bazoli repeated yesterday his desire to pursue a merger of the unquoted Nuovo Abrosiano group and La Centrale, its financial subsidiary, which is quoted on the Milan bourse and controls the lucrative Banca Cattolica del Veneto. A preliminary study of the complex exercise should be completed shortly, and Dr Bazoli hopes to go ahead with the merger in the first half of next year.

La Centrale, which is 47 per cent owned by the Nuovo Group, made a L27.6bn profit in the year to last June, its first profit since 1981. The subsidiary is an attractive assets which Dr Bazoli wishes to retain and to use as Nuovo's vehicle towards its own stock market quote. La Centrale's break into the black was the result of asset disposals, including its sale last spring of majority control of Credito Varesino, a private bank in Lombardy.

Dr Bazoli said Nuovo Ambrosiano was no longer having to pay excessive interest on deposits to attract savers. "We are in line with other Italian banks," David Buchan reports from Budapest on a Comecon breakaway

Hungary makes bond trade history

Bond trading in Hungary: investors study the dealing board

A BLONDE sits at a desk, a telephone in front of her and behind her a small Commodore computer and a chart listing *some 30 different bonds.* There is no great stir of activity—a fur-wrapped matron of some means wanders in to ask about next week's issue, and someone telephones in from Vienna about a (premature) Austrian press report that foreign currency bonds will soon be traded *in Budapest.*

Yet this is history being made. Here, in the marbled hall of what was once a joint Anglo-Hungarian bank and is now Hungary's State Development Bank, is the first bond market *in the Soviet bloc. Long* considered as Comecon's canniest player on the international money markets, Hungary is doing some innovating at home. Last year, Hungarian companies and municipalities started issuing their own bonds for sale to other companies and individual citizens, this year, secondary trading in these bonds began.

The country is also considering opening its domestic bond market to western investors, according to Mr Janos Radnotzi, director of the State Development Bank.

The budding bond market is one of the more controversial of the Hungarian economic reforms. But its aims are straightforward enough—to encourage the flow of capital to the more *profitable companies, to tap* earnings from the fast-expanding private enterprise sector and to widen the choice for the Hungarian investor. So far, the macro-economic effect has been minimal. The 1.5bn forints ($30m) channelled into bonds up to now amounts to only 2 per cent of what Hungarian companies spend on investment each year, or about 0.5 per cent *of total savings.*

However, Mr Zsigmond Jarai, the state development bank's man in charge of bond trading, says: "The demand for the bonds was much greater than the issuers and bankers expected—so we created a market." It is his bank which does the trading, buying bonds and then selling them on a 2 per cent premium. The bank fixes — or at least reviews — bond prices every week, lowering or *raising them according to what* it judges to be the balance between supply and demand. The rates are then published in the Heti Vilaggazdasag (Weekly World Economy) newspaper.

The bonds fall into two categories, effectively creating two very different markets. The first is for corporate buyers only. These carry a higher rate *of interest, currently ranging* from 11.25 per cent to 16 per cent, because companies pay tax on such interest. These rates, even net of tax, are still generally above that of inflation, estimated at 8.5 per cent this *year. But these bonds have* not proved very popular so far. Companies prefer to issue bonds rather than to buy because, as Mr Jarai says, they are more interested *in investing directly* in their own expansion or development than in that of a competitor. This psychology may change as companies find that Government restraints on wage increases and capital equipment *spending make bonds* a relatively attractive haven for spare cash.

If there is a bear market in these inter-company issues, there is a positive bull market in those available to individual buyers. *In the latter case,* demand so far exceeds supply that trading in many issues has virtually ceased. One reason is that bonds on sale to the citizenry, unlike the others, require Ministry of Finance approval. *The Ministry generally approves* only issues which generate cash for some demonstrable public purpose — such as the Skala Co-operative's conversion of an old textile warehouse into a much needed department store *in part of old Budapest, or the* even more needed provision of telephones or laying of gas pipelines in various parts of the country.

There may be a touch of ideology in the Ministry's decisions, to stress the "practical utility of bonds and play down any speculative aspect. But Mr Jarai emphasises that "at this initial stage of our bond market *it must be kept simple and stable.*" In the past, he says, "what experience Hungarians have had of bonds has not been favourable." Their "war bonds" of the First World War were never repaid, while "peace *bonds" of the late 1940s* and early 1950s, which Hungarians were forced to buy, were redeemed well below their real value, because of inflation.

But some institutions have been a little too clever in tying their bond issues to provision of a service or good. The south-*eastern city of Szeged managed* to raise 250m forints (the second biggest issue yet) at only 7 per cent by promising each buyer a telephone within three years. This is far quicker service than most people in phone-*starved Hungary can hope for.* But the telephones went only to original purchasers. This has virtually killed secondary trading in this issue, which is now trading at 80-82 per cent of par value.

Mr Jarai would like to see future bond issues offer higher *rates of interest rather than* services attached. Rates of generally 9-11 per cent on bonds for individuals are, at the same time, not bad, considering that individuals do not pay tax on interest and that rates paid by *the savings banks are lower.* Perhaps the only way to revive trading would be a sharp jump in the price of those bonds in most demand: at present their market price is only 6-8 per cent above par. That would bring supply and demand together. It might also, awkwardly for the Hungarian authorities, *smack of speculation.*

A more acute ideological problem is raised by the issuance of shares, for that suggests in Marxist terms one man owning or reaping the *fruits of* another's labour. Shares already *exist in some* Hungarian joint stock companies, but they can only be bought or sold by public enterprises—in other words, the state.

Mr Jarai expresses *his personal belief that* "the optimum *re-allocation* of capital would be served by the creation of shares" but that is a decision for Hungary's politicians. In the meantime, a half measure is being contemplated. This *is the* proposal by the Pest County Manufactured Goods Company to issue next spring 20m forints of bonds at a floating interest rate. The idea would apparently be to vary the rate according not only to *inflation,* but also to the profitability of the *company.* This, Mr Jarai says, would be "a sort of dividend." It would also give bond holders a limited influence over the company, Mr Jarai believes, in the sense that they will be checking each year from the *annual report* to see whether they are getting their money's worth.

How far and how fast Hungary's financial market will develop is impossible to tell. But its beginnings have stirred *interest, from East and West.* Russians, Poles and East Germans have come to Budapest to check it out, while Mr Jarai will be in London next spring on a British Government sponsored trip to see how the stock exchange there works.

APPOINTMENTS

Exploration chief for Shell

Mr Peter Everett has been appointed to the board of SHELL UK. He succeeds Dr John Jennings as a managing director responsible for exploration and production. Mr Everett joins from Brunei where he was managing director of Brunei Shell Petroleum Co. and chief executive of Brunei LNG. Dr Jennings will be moving to The Hague to become exploration and production co-ordinator with Shell Internationale Petroleum Maatschappij.

★

Mr Peter Meredith, head of commercial division, has been appointed to the board of BILLITON UK.

★

Mr Stephen A. Silman has been appointed to the board of MOORGATE MERCANTILE HOLDINGS as a non-executive director. He is the son of the chairman.

★

BICC DATA NETWORKS, a company formed by BICC to design and manufacture electronic equipment for data communications, has appointed Mr Arthur Cunningham as general manager. He was with CASE as development director. Mr Don Reworth becomes engineering director. He was head of the communications systems department at BICC's research laboratories. Mr Tony Gray has been made sales and marketing director. He was with Network Systems Corp. Mr Chris Batterham has been appointed company secretary and financial controller. He has previously worked with the BICC group audit department.

★

PADDINGTON BUILDING SOCIETY has appointed its general manager and secretary, Mr Michael S. Cross, to the board.

★

Mr Kenneth Andrew, currently chief executive of Good Relations City has been appointed director and divisional general manager, GOOD RELATIONS GROUP, having responsibility overall for the corporate, city and public affairs side of the business. Mr Jeremy Wyatt has been appointed chief executive of Good Relations Corporate Affairs. Mr Paul Tyler has been appointed chief executive of a new wholly-owned subsidiary, Good Relations Public Affairs.

★

A new senior management post has been created at THAMES WATER—that of general manager, marketing. The man taking up the task of marketing the Authority's products and services at home and abroad is Mr John Case, *formerly group sales and marketing director of Lancer Boss.*

★

Mr Alan Crowe has been appointed to the board of BUCKLEY INVESTMENTS, holding company of the Miller Buckley Group. He has also been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

★

BUTCHER, ROBINSON & STAPLES has appointed Mr Pennington Legh as financial director from December 1.

★

ROBERT FRASER & PARTNERS has appointed Mr Paul Archer as finance director in charge of asset management and administration. Mr Mark Lewis has also been appointed assistant director in the same department, both from December 1.

★

Mr Graham Meek has been appointed production director designate of COX & WYMAN, a McCorquodale company.

★

Mr Eddie Ray, former president of the Institute of Chartered Accountants, has been appointed chairman of FENCHURCH REGISTRARS in succession to Mr Richard Langdon. Mr Julian Pilkington and Mr Trevor Thomas have also joined the board. Fenchurch Registrars is the share registration company controlled by Spicer and Pegler.

★

CANADA LIFE has appointed Mr Tom Burns sales manager, UK; and Mr Tony Nelland as executive development manager, Republic of Ireland.

★

Mr Parry Rogers has been elected deputy chairman of the INSTITUTE OF DIRECTORS. He is director of personnel for The Plessey Company.

★

Mr Marcel Kreisberger has joined ALTAIR COMPUTING SERVICES, Isleworth, as director.

★

Mr J. A. Pearce has been *appointed a non-executive director* of REACTIVE TECHNOLOGY.

★

Mr Ray Bull has been appointed director and general manager of the newly-formed international defence systems division of DOWTY ELECTRONICS.

Changes at ICI plastics

At ICI petrochemicals and plastics division, group director Mr David C. Ingram and polyolefines and performance resins general manager Mr Mike Robinson will both retire on March 31 1985. Mr Herman Scopes, general manager purchasing and head of ICI's corporate purchasing becomes a director of P and P division from January. Mr Ingram's board duties relating to personnel and operations will be assumed by division director Mr Alan Pink, who will retain his current responsibilities for ICI Petroleum. Mr Kes Bokmans, overseas general manager of the division, will succeed Mr Scopes as general manager, purchasing and head of ICI's corporate purchasing from January 1. His replacement as general manager, overseas, will be announced shortly. Mr Derek Bucknall, general manager, personnel, has been appointed general manager, polyolefines and performance resins, from January 1.

★

Mr Peter Rainbow has been appointed managing director of BAIRSTOW EVES (MORTGAGE & FINANCIAL SERVICES), a wholly-owned subsidiary of Bairstow Eves.

★

Mr R. E. Challinor, a divisional advances controller, MIDLAND BANK, has been appointed regional director of the London south region from December 1 in succession to Mr A. C. Clark, who is retiring.

★

Mr Peter C. Aspinall has been appointed to the board of WHITWORTH'S FOOD GROUP as non-executive deputy chairman. Until his retirement last October, he was managing director of Chloride International.

★

THE BRITISH BLOODSTOCK AGENCY has appointed from December 1 Mr Simon Morley, as an executive director, and Mr Michael Wates, as a non-executive director. Mr Morley is manager of the stallion department. Mr Wates is chairman of Wates Holdings.

★

Mr Peter Hamilton has been appointed from December 10 as managing director of HILL AND *KNOWLTON (CITY) LIMITED.* He was managing director of Good Relations (Corporate Affairs).

★

Mr Robert Bywater has been appointed managing director of the Purnell Book Centre and director with overall responsibility *for all PERGAMON/BPCC* book distribution in the UK and overseas, from January 2. He is director of information and business services at McGraw-Hill Book Company (UK).

★

Mr George Hill has been appointed managing director of THE MARCONI INTERNATIONAL MARINE COMPANY. He was general manager.

★

The Energy Secretary has reappointed to the board of the BRITISH GAS CORPORATION Mr W. G. Jewers as managing director, finance, for two years from December 15. Mr Martin Jacomb has been reappointed as a part-time member for three years from December 11. Mr Jacomb is vice chairman of Kleinwort Benson.

★

Mr David Jenkins has been appointed to the new post of chief executive of the BOWATER ZENITH companies, Norwich. He was group sales director of Quickfit Holdings, based in Edinburgh.

★

Mr John Michael Welbank, chairman of Shankland Cox, has been elected chairman of the BRITISH CONSULTANTS BUREAU (BCB) for the year 1984-85. Mr Michael R. Lewis, of Ove Arup and Partners, becomes senior vice chairman, and Mr J. Laurie Gould, of ULG Consultants, is second vice chairman.

★

Mr Andrew Rushton has been appointed export director for ARENSON INTERNATIONAL. He was export manager.

★

The SCOTTISH LIFE ASSURANCE COMPANY has appointed Mr J. R. Glen as deputy chairman.

★

DIVERSEY has appointed Mr Jack Kirkham as managing director. He was president of Diversey Wyandotte in the U.S. —Diversey's largest operating company.

★

Mr Sydney Haywood, former speaker of the management board of Deutsche Westminster Bank, Frankfurt, has been appointed senior representative in the London office of BREMER LANDESBANK. He will be assisted by Mr Udo Ziegenhorn, who was previously with Norddeutsche Landesbank.

★

CHARLES BAYNES has appointed Mr Michael Dennis Kemp to the main board. He joined the group in December 1983 to establish the textile rentals division. At Baynes Textile Rental Services Mr Richard Pearson has been appointed sales director, Mr John Corson finance director and company secretary and Mr Colin Bell, general manager of Cleggs *in Merseyside, joins the board.*

★

Mr Neil Crabb has joined the STEEL CASTINGS RESEARCH AND TRADE ASSOCIATION, in Sheffield, as assistant director (trade) designate. He was until recently the Director of the British Investment Casters Trade Association.

Legal Notices

In The High Court of Justice (England) No. 00502 of 1981
Chancery Division
Companies Court Mr. Registrar Bradburn

IN THE MATTER OF ELISA COMMODITIES LIMITED AND IN THE MATTER OF THE COMPANIES ACT, 1948

NOTICE IS HEREBY GIVEN that by an Order dated the 18th October 1984 made in the above matters the Court has directed separate Meetings to be convened of (1) Trade Creditors (being creditors of the above-named Elisa Commodities Limited (hereinafter called "the Company") whose names appear in the First Schedule hereto and any other creditors (other than Finance Creditors as hereinafter defined) who give written notice of their claims to William Frederick Ratford and Christopher Timothy Esmond Hayward or any other duly appointed Liquidator or *Liquidators of the Company (the Liquidators)* not less than 48 hours before the meeting of the Trade Creditors) and (2) Finance Creditors (being the creditors of the Company whose names appear in the Second Schedule hereto and any other Bank or creditor for monies lent or advances made to or on behalf of the Company and who gives written notice of its claim to the Liquidators not less than 48 hours before the meeting of the Finance Creditors) for the purpose of considering and if thought fit approving (with or without modification) a Scheme of Arrangement proposed to be made between the Company and (1) its Trade Creditors and (2) its Finance Creditors and that such Meetings will be held at 1 Puddle Dock, London EC4V 3PD, England, on Wednesday the 19th December 1984, at the respective times below mentioned, namely:

(1) The Meeting of the Trade Creditors at 10 o'clock in the forenoon;

(2) The Meeting of the Finance Creditors at 11 o'clock in the forenoon (or so soon thereafter as the preceding Meeting shall have been concluded or adjourned)

at which place and respective times all the aforesaid *Trade Creditors and Finance Creditors are requested* to attend.

Any person entitled to attend the said Meetings can obtain copies of the said Scheme of Arrangement, forms of Proxy and copies of the Statement required to be furnished pursuant to Section 207 of the above-mentioned Act, at the offices of William Frederick Ratford and Christopher Timothy Esmond Hayward the joint Liquidators of the Company at 1 Puddle Dock, Blackfriars, London EC4V 3PD, England, and at the office of the under-mentioned Solicitors at the address mentioned below during usual business hours on any day (other than a Saturday or Sunday) prior to the day appointed for the said Meetings.

THE SAID TRADE CREDITORS AND FINANCE CREDITORS MAY VOTE IN PERSON AT SUCH OF THE *SAID MEETINGS AS THEY ARE ENTITLED TO ATTEND* OR THEY MAY APPOINT ANOTHER PERSON WHETHER A CREDITOR OF THE CLASS OR NOT AS THEIR PROXY TO ATTEND AND VOTE IN THEIR STEAD.

It is requested that forms appointing proxies be lodged with the said William Frederick Ratford and Christopher Timothy Esmond Hayward at 1 Puddle Dock, London EC4V 3PD, not less than 48 hours before the time appointed for the said Meetings, but if forms are not so lodged they may be handed to the Chairman at the Meeting at which they are to be used.

By the said Order the Court has appointed William Frederick Ratford or failing him Christopher Timothy Esmond Hayward to act as Chairman of each of the said Meetings and has directed the Chairman to report the results thereof to the Court.

The said Scheme of Arrangement will be subject to the subsequent approval of the Court.

DATED this 20th day of November 1984.

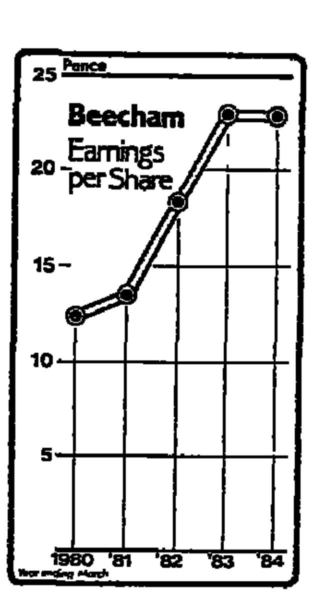
Messrs. Travers Smith, Braithwaite & Co.,
6 Snow Hill,
London EC1A 2AL
England
Solicitors for the said Joint Liquidators of the above-named Company

THE FIRST SCHEDULE BEFORE REFERRED TO
Aarhus Oliefabrik A/S Andre & Cie S.A. Atramef Pvba Comptoir Commercial Andre & Cie S.A. Dalgety Spillers Dansk Landbrugs Grovvareselskab De Franceschi S.P.A. Monfalcone Ets Soules & Cie F.A. Voight & Co. B.V. Ferri Ernesto & Figli S.R.L. Koninklijke J. Willebeek Le Mair & Co. B.V. Oleifico Luigi Tomaghi S.A.S. Mazzotti & Co. S.R.L. E. Kampffmeyer Muskator-Werke Hermann Schmidt GmbH & Co. K.G. Oleificio Zucchi S.P.A. Ononbel B.V. Pagnan S.P.A. Petrobas Petroles Brasiliero S.A. Renzo & Riccardo Lenzi S.N.C. Sanko Steamship Co. Ltd. Societe Generale de Surveillance S.A. Bess Pet Products Ltd. Otello Mantovani

THE SECOND SCHEDULE BEFORE REFERRED TO
Amro Bank Am Thoed Solling & Co. Banco Nazionale del Lavoro Bank Mees & Hope N.V. Banque Bruxelles Lambert Banque de L'Union Europeenne Banque de Paris et des Pays-Bas (Suisse) S.A. Compalina Bank Credit Agricole Credit Commercial de France Credit Lyonnais Dibeag Banking Corporation Ibero Amerika Bank Pierson Heldring & Pierson N.V. Union Bank of Switzerland United Overseas Bank Winding Finance Corporation S.A.

UK COMPANY NEWS

Beecham soars £15m with Augmentin benefits ahead




RONALD HALSTEAD, chairman of Beecham

THE Beecham Group continued to achieve a healthy rate of growth in the first half of the current year with pre-tax profits reaching £142.8m, an improvement of 12.1 per cent over last time's £127.4m.

The interim dividend is being stepped up from 4.6p to 5.1p net per 25p share. Turnover advanced to £1.09bn (£950.8m)—the group's principal activities are pharmaceuticals and consumer products.

Mr Ronald Halstead, the chairman, tells shareholders in his interim report that the most important event of the half-year to September 30 was the successful launch in the U.S. of Augmentin, the group's new oral antibiotic.

He reveals that in its first two-and-a-half months of availability American doctors wrote more than 300,000 prescriptions for the product.

It is pointed out that the first half figures from America included no profits from Augmentin. Sales totalled about £6m, but profits were set against initial costs.

There will be no exceptional provisions in the second six months to cover the launch costs of the product.

Augmentin is now available in some 20 countries, but a launch in Japan is not expected before early winter next year.

The pharmaceutical activities also made good progress over the half year within established businesses in the U.S. and continental Europe. This helped to offset the continuing effects of last year's compulsory price reductions in Japan and a drop in UK exports, which was due partly to fluctuations in tender business in certain countries and partly to Nigeria's economic difficulties.

Expenditure on pharmaceutical research and developments, which is concentrated mainly in the UK, continued to increase.

The consumer products business was buoyant in nearly every major market, with particularly strong performances being achieved by the Western Hemisphere proprietaries operations, the food and drink division in the UK, and the international division in the Middle East.

The cometics business in the U.S. began to expand again after two difficult years, and the companies acquired to form the new home improvement products business came fully up to expectations.

Pre-tax profits for the opening half were struck after deducting interest charges of £10m (£8.4m). Tax took £12.6m more at £62.7m but minorities were little changed at £0.4m (£0.3m).

Available profits amounted to £79.7m (£77m). Earnings per share on a net basis totalled 11.06p (11.13p): on a nil dividend basis they were 12.11p (11.7p).

As is usual the results of overseas companies were translated at exchange rates ruling at March 31. If rates of exchange ruling at September 30 had been applied group turnover would have increased by £56.6m and pre-tax profits by £7.7m.

Group pre-tax profits for the 1983-84 year improved by £30.8m to £267.9m. The final dividend was 5.6p.

See Lex

Rex Williams Leisure heads for USM

By William Dawkins

One of the more colourful in the current queue of USM entrants is Rex Williams Leisure, which provides a snooker and pool operations service to the licensed trade and makes coin-operated tables.

Rex Williams, who has won the world billiards championship 14 times, is chairman of the company, which plans to place about 35 per cent of its equity on the USM next month.

The directors forecast taxable profits of about £165,000 for the year to November. They expect a "substantial increase" in the number of the group's tables sited during 1984-85. Most of the issue proceeds will finance this and other expansion.

The group does not make tables to sell direct to the public and does not operate any snooker or pool halls. Its income derives from a share of the tables' operating income or hire charges.

Brokers Margetts and Addenbrooke are distributing the shares, and dealings are expected to open on December 11.

Schroder Portfolio

The application list for the offer for subscription of participation shares in the Schroder Portfolio Selection Fund has closed and that all applications have been accepted in full.

Each class of the participating shares has been admitted to the Stock Exchange Official List.

ICL well on target with £9.6m profit rise

AN INCREASE of £9.6m to £56.1m in pre-tax profit has been achieved by ICL, the computer systems group, for the 12 months ended September 30, 1984. Some £55m was forecast in August by the board with its recommendation to accept the increased takeover offer from Standard Telephones and Cables.

ICL is bringing its accounting date in line with STC, and the current period is running to December 31 and will cover 15 months. No further dividend is being paid, so the total payment is 0.5p, compared with 0.8p.

The board says the results confirm the strong financial recovery made by the group over the past three years. Trading margins showed an improvement in the second half of the year.

There was a positive operational cash flow during the year and at September 30 group borrowing, net of cash balances, amounted to £86m. This is the same level as 1983 after the redemption of £10m preference shares during the year.

Turnover in the 12 months was up from £846.5m to £916.9m. Depreciation was cut to £57.3m (£68.3m) and interest charges to £12.5m (£15.9m). Tax is substantially higher at £25.9m (£7m), including this year £14.6m deferred and with minorities staying at £600,000, the attributable profit is £29.6m (£38.9m) for earnings of 6.01p (8.71p) per share.

This time there are extraordinary debits £5.5m, comprising costs regarding the merger with STC £1.6m and UK deferred tax resulting from timing differences £3.9m.

STC has reached agreement with the holders of the 20m outstanding redeemable preference shares of £1 each of ICL for the purchase of the shares.

Consideration will be £22.13m and will be met by the issue to the preference holders of about 8.32m new ordinary shares in STC which have been placed on their behalf.

● **comment**

ICL's 21 per cent increase in taxable profits contained few surprises for its new owners or for the market and this left the shares unchanged at 91p, valuing the group at £410m—the same as STC's final offer. An uninspiring 8.3 per cent growth in turnover was in line with the first six months and reflects the continuing weakness in mainframe prices with an associated shift towards smaller distributed systems. A £900,000 currency gain and further productivity improvements were enough to push up pre-tax margins by a point or so. The recently launched OPD computer-cum-telephone, to be joined next year by the DM1 and Estriel mainframes, should restore the sales momentum, even if hefty launch costs—at least £5m in these figures — temporarily restrain margin growth. STC's research department is hard at work seeking applications for converging telecommunications and computer technology, but the market will have to wait until next March for more specific clues as to the combined group's strategy. *In the meantime, the City is* looking for about £5m pre-tax from ICL in the final three months of this 15-month trading period.

Buyer for two machine makers

A consortium of businessmen has bought S. A. Monk, the Sutton in Ashfield concern which specialises in new and refurbished knitting machines, and William Cotton, the Loughborough textile machine builder, from the receiver for between £2m and £3m.

The group, led by Mr John Kenyon, financial director of N. Brown Investments, a quoted mail-order company, also includes Mr David Alliance, chief executive of Vantona Viyella, one of the country's four large integrated textile concerns. All members of the group have joined in their private capacity.

Mr Kenyon said yesterday that the consortium had bought the assets and had been assisted by one of the four High Street banks.

It has also taken over George Woodcock, a Hawick repairer of machinery, and Orbit Weaving Machinery of Blackburn, both subsidiaries of Cotton.

Cotton's workforce was severely cut under the receivership from about 220 to 35. Monk has 170 employees and Woodcock 40. Orbit has no more than a handful of workers.

It is probable that much of Cotton and Monk will be rationalised on to Monk's Nottinghamshire site near Mansfield.

Cotton's development team, which has a high reputation, will be kept in Loughborough. Mr Kenyon said that no more redundancies were envisaged.

BAT £100m issue completed

Arrangements have now been completed for the issue by BAT International Finance of £100m 10¾ per cent guaranteed notes 1991, under the guarantee of BAT Industries, at an issue price of 99¾ per cent.

The Stock Exchange has admitted the notes to the Official List, subject only to issue of the temporary global note.

This is the largest issue to date by a corporate borrower in the fixed rate *eurosterling market.* It is being made as part of a continuing programme to achieve an appropriate balance of short and longer term debt for the group, following its acquisition of Eagle Star earlier this year. Proceeds will be used to retire an equivalent amount of shorter term debt.

Lead manager to the issue is S. G. Warburg. Brokers are de Zoete & Bevan.

Investment Company

The Investment Company has pushed up its profit before tax from £477,000 to £690,000 for the half year ended September 30, 1984, and is raising its interim dividend from the equivalent of 0.35p to 0.44p net.

Total income for the period came to £472,000 (£401,000). There was a surplus of £301,000 (£170,000) from changes of investment. After tax £199,000 (£146,000) the net revenue was £491,000 (£331,000) for earnings of 2.02p (1.5p) per share.

Mr Cartier hots up bid battle for Cullens

By Alexander Nicoll

THE RAPID fire of bids for Cullen's Stores, the loss-making grocery and off-licence chain, continued yesterday with an increased £8.2m offer from Mr Lewis Cartier and Mr David Cullen.

And the battle moved further into deadlock, with yesterday's bidders commanding 34.6 per cent of Cullen's voting equity and three former Imperial Group executives, who offered £7.9m on Monday, having irrevocable undertakings covering 32.4 per cent of the voting equity. Both of this week's bids are increased from last week.

The third bidder, a consortium formed by former Asda stores chief Mr John Fletcher, won the Cullen's board's recommendation last Friday *with an initial £7.39m* offer. It holds only 10 per cent of the voting shares, 20 per cent of the non-voting, and has no irrevocable acceptances.

Cullen's board, headed by Mr Peter Cullen, yesterday withdrew its recommendation from the Fletcher offer and said it was considering the competing bids. It offered no recommendation to shareholders on their immediate course of action.

The stores group's shares continued to anticipate further increases in bid terms. The voting shares gained 5p to 480p against the 460p cash alternative offered by Mr Cartier and Mr Cullen. The ex-Imperial team, headed by *Mr Peter Matthews, is offering* 440p and Mr Fletcher 420p.

The non-voting shares fell 5p to 370p against bids of 345p, 340p and 305p respectively.

All three bidders are offering a mix of cash and shares in new companies they have formed, with full cash alternatives.

Mr David Cullen, who resigned from the Cullen's board this year after disagreements over policy, has pledged the 24.5 per cent family holding for which he speaks to the Cartier offer. In addition, clients of GT Management have irrevocably undertaken to accept, bringing the Cartier total to 34.6 per cent of voting equity and 18.6 per cent of non-voting.

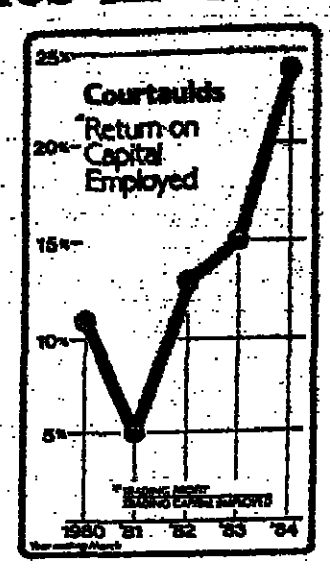
The Matthews team's offer has won pledges from the Cullen's pension fund, Cullen's directors, Provincial Insurance and Basset Trust, bringing its total to 32.4 per cent of voting and 17.4 per cent of non-voting shares.

Several more blocks of shares are held by institutions which are now being earnestly courted by the competing bidders.

Mr Cartier, who sold a chain of supermarkets to Tesco in 1979 for £20m, has a two-prong plan with Mr David Cullen to develop the larger supermarkets owned by Cullen's, as well as a chain of off-licences.

The Matthews team plans to retain Cullen's up-market image but to transform the group—now suffering heavy losses—into a chain of convenience stores.

Courtaulds up £7m despite static volume sales in UK



Courtaulds pushed taxable profits up by £6.6m to £54.3m over the six months to end-September 1984 on turnover ahead at £1.04bn compared with £973.4m.

The company says that in comparison with the interim period last year there was little change overall in the volume of sales from the group's businesses in the UK, although fibre exports to markets outside Western Europe were lower.

Increased prices in both home and export markets were generally sufficient to maintain or improve margins, except in some of the company's UK fibre businesses where a reduction in profits reflected some decline in the strength of demand. Additional costs, the directors say, were also incurred as a result of national industrial disputes.

Operating profits from UK operations fell from £28.8m to £26.3m.

Overseas, Courtauld's says a rise in sales was attributable to improvements in both volume and price, as well as to an increase of £21m due to exchange rate movements.

The improvement in overseas profits from £25.3m to £32.3m, after a £1.8m reduction due to exchange rate movements, principally arose from better trading conditions in North America.

Shareholders will receive a higher interim dividend of 1.4p against 1.2p. Earnings per share are shown at 9.99p compared with 9.26p, adjusted for the issue of Courtaulds' shares for International Paint shares.

Thee taxable result was struck after interest payable, net of investment income, of £6.2m (£7.5m) and included a £1.9m (£1.1m) share of profits from related companies.

Tax took £12.3m (£10.3m), giving a net balance of £42m (£37.4m). Minorities amounted to £4m (£5.3m restated).

A breakdown of Courtaulds' operating profits by division shows (in £m): Fibres £27.6 (£30.8); Fabrics £7.5 (£5.8); Clothing £7.1 (£3.8); International Paint £12.5 (£11.2); BCL £6.3 (£5.8); National Plastics £1.8 (£1.3); Miscellaneous loss £3.2 (£loss 4.6).

In the 1983-84 year Courtaulds achieved taxable profits of £117.8m (£63.3m) on turnover of £2.04bn (£1.91bn).

International Paint, in which Courtaulds bought out the minority holding earlier this year, achieved taxable profits of £12.6m (£11.8m) in the first half year on turnover of £203.3m (£179.9m).

See Lex

Parkland growth limited

Setting up two new factories for its clothing division has cost Parkland Textile (Holdings) some profit in the half year ended August 31 1984. But the directors are convinced the investment will prove worthwhile over the longer term, and view the second half with cautious optimism.

This group of worsted combers, spinners and clothing manufacturers, expanded its turnover by £4.36m to £24.79m at midway, but could not project this growth fully through to profit largely because of the expenditure incurred and financial losses sustained in setting up two new factories at Upton. In the event, profit before tax rose by £103,000 to £910,000.

Net profit was down from £748,000 to £520,000 after heavier tax of £390,000 (£59,000), for earnings of 7.3p (10.6p) or 6.9p (10p) fully diluted. The interim dividend is held at 1.6p net—last year's total was 4.8p from profits of £1.61m.

BOARD MEETINGS

TODAY

Interims:—BPB Industries, Brickhouse Dudley, Cable and Wireless, Carless Capel and Leonard, Evans of Leeds, Hampton Trust, Henderson Administration, Howard and Wyndham, M. & G Second Dual Trust, Monks Investment Trust, Mountview Estates, Renwick, Steinberg.

Finals:—Cronite, MEPC, Rosehaugh.

FUTURE DATES

Interims:—	
British and American Film	Dec 6
Brunning	Dec 5
Cook (William) (Sheffield)	Dec 14
Country Gentlemen's Assoc.	Nov 29
Deelkraal Gold Mining	Dec 11
Doornfontein Gold Mining	Dec 11
Driefontein Consolidated	Dec 11
General Electric	Dec 4
Joseph (Leopold)	Dec 4
Kloof Gold Mining	Dec 11
Libanon Gold Mining	Dec 11
Smith Bros.	Dec 13
Venterspost Gold Mining	Dec 11
Vlakfontein Gold Mining	Dec 11
Watson (R. Kelvin)	Nov 29
Woodhead (Jonas)	Dec 7
Finals:—	
Davenport's Brewery	Dec 14
Inn Leisure	Dec 11
M & G Group	Dec 20
Matamec Jentique	Dec 6
Morceau	Jan 10
Spencer Clark Metal Industries	Dec 6

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Allied-Lyons ....int	2.6	March 1	2.42	—	6.81
Beecham	5.1	Feb 1	4.6	—	10.2
John Carr	1	Jan 15	0.85*	1.45	1.24*
Century Oils ....int	1	Jan 25	1	—	3.5
Courtaulds ....int	1.4†	Jan 9	1.2	—	4.2
Investments Co ......int	0.44	Dec 14	0.35*	—	0.96*
Parkland Textiles ...int	1.6	Jan 11	1.6	—	4.8
Rothmans ....int	2.2	—	2	—	6

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

Second half setback cuts John Carr's growth rate

TWO FACTORS have led to a setback in the second half at joinery manufacturer John Carr (Doncaster), and restricted the growth in profit for the year ended September 30, 1984, to £770,000. Before tax it was up from £7.05m to £7.82m and the dividend is raised from the equivalent of 1.24p to 1.45p net, with a final of 1p.

For the first half profit had risen by £1.2m to £4.2m, mainly due to a substantial increase in investment income. The directors warned of difficulties in maintaining margins in the second half because of a slowdown in the market growth and lower exchange rates. The latter caused increased costs, the directors say, and on top of this was the industrial action taken at the Doncaster site.

On to the current year the directors say the first half profit is unlikely to reach the level of 1983-84 because of the reorganisation of the production facilities, the phasing out of old products and the introductory costs of their replacements. But they are looking to the successful launch of these new products to provide further growth from the second half.

Turnover in the past year came to £47.22m (£41.47m). Tax takes £3.26m (£2.95m) to leave the net profit at £4.55m (£4.06m), equal to 6.66p (5.94p) per share. Net assets at the year end were 52.72p (48.25p).

● comment

The market was well aware of the difficulties at John Carr so the disappointing second-half performance — £3.6m pre-tax against £4m — came as no surprise. The company had warned of the rising cost of timber imports and did not disguise the impact of the four-week strike at its main works in Doncaster which has cost an estimated £400,000 at the pre-tax level. The strike has in fact accelerated the reorganisation of several important product ranges which is still going on and will effect profits in the first half of the current year. Carr is introducing a new range of wooden windows and patios, and is to manufacture aluminium windows for the first time. Its ability to cope with these changes cannot be in doubt, given the company's long-standing reputation for effective management and the way it has successfully integrated its latest acquisition, Sharp Bros and Knight, into the group. However, the costs of the upheaval mean that this year's profits are likely to mark time. Assuming profits of £8m pre-tax and a 38 per cent tax charge, the shares, up 1p to 63p, change hands on a p/e of over 9. They are fully-valued.

Rothmans tobacco volumes decline

HIGH DUTY increases continue to have an unsettling effect on the tobacco industry throughout the world says Sir David Nicolson, chairman of Rothmans International, in his interim statement.

While the group made satisfactory progress in a number of markets in the six months ending September, 1984, overall volumes were slightly below the comparable period. Despite this, Sir David says that profitability of Rothmans' tobacco business was improved.

Group taxable profits for the interim period advanced from £75.9m to £84.4m on turnover ahead by £33.1m to £779.1m.

Profits from Rothmans' luxury consumer products interests advanced from £4.7m to £15.3m, including associate companies, at the operating level. This advance, the company says, was a result of progress by Dunhill and an improved performance by Cartier Monde.

Carling O'Keefe, the group's Canadian brewing company, suffered reduced volumes due to "intense competition" in the industry. Operating profits and attributable profits were lower than for the comparable period last year.

The interim dividend has been stepped up by 10 per cent to 2.2p per share. Last year's total payout was 6p with taxable profits at £151.23m.

osed redundancy plan announced

Group taxable profits were struck after net interest payable and similar charges of £4.8m (£4.5m), and interest on convertible bonds of £3.6m (£6.1m).

No charge has been made against group profits for the proposed redundancy plan announced in July by Rothmans' subsidiary in Germany, Martin Brinkmann. The cost of the redundancies, which will take place over an 18 month period, has been estimated to be in the region of DM 50m (£14m) and will be dealt with at the year end.

Tax for the six months took £31.7m (£27.3m), after which fully diluted earnings per 12½p share are shown as 11.5p (10.7p).

Since last March, Rothmans has received notices of conversions from holders of 2.35m nominal of convertible senior subordinated sterling/deutsche mark bonds exercising the right to convert into "B" ordinary shares.

The shares arising from the conversions, and any subsequent conversions before January 3, 1985, will rank for the interim dividend.

Sir David Nicolson will be retiring on December 31, 1984, in order to devote more time to his other business and public interests. He will be succeeded by Sir Robert Crichton-Brown, who has been a director since 1981 and is chairman of Rothmans of Pall Mall (Australia).

Credit Gold

A compulsory winding up order made against Credit Gold and Securities on November 13, was rescinded in the High Court on November 16 and the petition was dismissed by consent.

Pressure on Allied-Lyons margins

INCREASES in all three divisions have lifted taxable profits of Allied-Lyons, the brewer, vintner and food manufacturing group from £90.5m to £100.8m for the 28 weeks ended September 15 1984.

Competition for volume remains acute with a consequent pressure on margins, the directors state. Cost reductions will continue, while the group's performance in the second half will depend on consumer spending power and the Christmas trade. They anticipate, however, a satisfactory outcome for the year as a whole.

The share price fell 5p yesterday to 164p.

Pre-tax figure for the 1983-84 12 months amounted to £194.9m, compared with £159.6m previously.

A divisional analysis of interim pre-tax profits shows: beer £54.4m (£47.7m) wines, spirits and soft drinks £27.2m (£26.5m); and food £25.1m (£2?.6m). Central costs took £5.9m (£6.3m).

The changes in excise duty in the Budget gave a sharp lift to sales of light wines, directors point out, but adversely affected those of fortified wines and cinder. Other features of the trading period were a marked increase in private label business, the above average summer weather and evidence in some regions of lack of spending power as a result of the miners' strike.

They add that the beer market was little changed from a year ago, and market share was maintained.

The successful launch of Castlemaine XXXX encourages progressive moves towards national distribution. Steady progress was maintained in the food sector while large increases in raw material prices, principally tea and coffee, had an adverse effect. Profits for overseas companies, however, benefited from translation at more favourable exchange rates.

The interim dividend is lifted to 2.6p (2.42p)—last year's final payment was 4.39p.

Turnover for the 28 weeks expanded from £1.46bn to £1.6bn and after depreciation up from £30.7m to £35.2m, trading profits emerged £8.2m higher at £105m.

The pre-tax figure included profits on the disposal of properties and investments, doubled at £10.9m (£5.2m), investment income £0.9m (£0.8m), related companies share, £12.6m (£11m), but were after finance charges £5.3m higher at £28.6m.

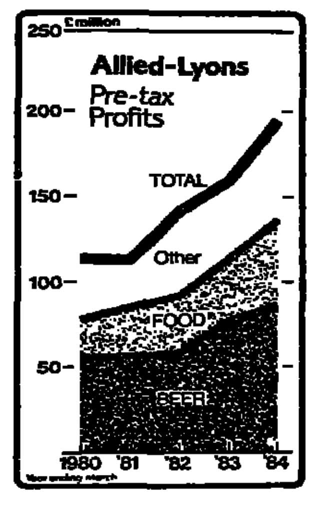
Tax took £39.1m, compared with £31.3m, minorities £2.8m (£2.7m), and earnings per 25p share rose slightly from 8.7p to 8.8p.

The directors explain that the increase in finance charges was due partly to higher interest rates, also to increased working capital requirements, and the adverse net effect of exchange rates on foreign currency borrowings.

They say that this year should see the peak effective rate of tax in the transitional period for the changes in UK corporation tax introduced in the 1984 Finance Act.

See Lex

Sir Derrick Holden-Brown, chairman of Allied-Lyons . . . satisfactory year's outcome anticipated



Another 89 companies wound up

COMPULSORY winding up orders against 89 companies were made in the High Court. They were:

Creations Ryander, Equalcroft, De Schelde (London), Scan Construction, Barlow Construction, William Cotton Group, B. Bowser, and Stormo.

Brookville Painting Contractors, Stimpstar, Computer Simplicity, P. J. O. Downes Builders, McCabill Group, Rydewell Suspensions, T. Johnstone Building Contractors, and A. and W. Scaffolds (UK).

Transquip International Trailers, Helena Weavers, C.A.P. Property Maintenance, Lloyd Bruce, Argosy Insurance Services, Swordbond, Abbey Building Co., Blast & Spray, and Shoredale Construction.

Overseas Shipping Agencies, Frank Rushton, Greville Creative Group, Reker Imports, Regal Fabrications (Coventry), Sessegnon & Co., and Land and Mineral Developments Company.

K. J. Couch Electrics, George Goff (Motor Engineering Services), Kerrchoice, Montague & Taylor, Pollard Motor Engineers, S. C. Hopton, A.E. Printing, Dixon Howard Hotels and Kinchlight.

Felicita Travel, Souvex Investments, Raymere Engineering, Scottvision, Barvek, J. Gallagher (Contractors), The Mind's Eye, Rell Dewey Automatic Development Manufacturing Co., and Picton Developments.

Picturedrome Bingo Club, Carreg Homes, Michael Willis, Afford Rent-A-Car, A.S.A.P. Domino Displays, Flaxtree, and Invicta Process Systems International.

J. G. Dearsley (Transport), Elland Garages, Caldicott Car Services, Clark & Co. (Estate and Business Agents), Maroonmead, Systematic Construction Services (South Wales), Leegate Cables, Wrythe Foundry, Triggs & Gatter, Sentrol Systems, and Vergedean.

Fablec Installations Co., Herbal Way (UK), Tristar Services, Filippa Naess, Highgate Optical and Industrial, Lynwood Construction, Cameron Reproduction Leather, Dinosvend (Builders), Leadglow, and Ashton Energy Products.

Radway, Future Fabrication, R.M. Plastering, Ardamot, Bradford Street Motors, Aper Fashions, Chanibuilt, Ritterband & Kaufman, Fenner, and Mayesbrook Garages.

TSB Life holds bonus rate

TSB Life, the life insurance subsidiary of the TSB Trust Company, the insurance and investment arm of the TSB Group, has declared an unchanged reversionary bonus rate of £4.40 per cent of the sum assured and attaching bonuses for the year ending September 30, 1984.

The company has also declared an unchanged terminal bonus rate of 15 per cent of attaching bonuses for policies issued prior to April 1, 1983, and 10 per cent of attaching bonuses for later policies.

TSB Life is essentially a unit-linked life company operating in association with the unit trust operation. It has shown very strong growth over the past few years, marketing through the countrywide branch network of the TSB.

Channel Tunnel

Channel Tunnel Investments has held its earnings per share at 0.09p in respect of the first half of 1984. Profit fell from £2,215 to £1,899, but there was also a reduction in tax from £840 to £570.

The profit was made up of interest on government stock £7,381 (£6,081) and bank interest £150 (£20), less administration expenses £5,632 (£3,886).

See Men and Matters

CML improves midway and sees progress

CML Microsystems has produced increased pre-tax profits of £701,000 against £395,000 for the half year to the end of September, 1984. The directors feel confident that a year of "satisfactory progress" will be achieved.

Turnover of this manufacturer of specialised monolithic and hybrid integrated circuits for telecommunications, radio and data communications industries increased from £1.95m to £3.13m.

As indicated in the prospectus, when CML joined the USM last February, the directors expect to recommend a dividend for the full year to the end of March 1985 and do not recommend payment of an interim. First half earnings per 10p share were shown as 4.5p (3p on old capital prior to joining the USM).

Increased sales and operating profits were again achieved by both UK and U.S. operation companies. The programme to expand production and R and D facilities is proceeding as planned and evidence grows to support the directors' optimism on prospects for the company's latest products and new circuits in development.

Tax for the six months amounted to £293,000 (£148,000).

IN BRIEF

Sharply improved profits of £377,000 against £171,000 before tax have been produced by Sekers International for the six months to the end of September 1984, and Mr G. D. J. Hay, chairman, says that current levels of activity and the present order book are strong, and the directors remain confident about the outcome for the full year.

The net interim dividend of this furnishing manufacturer has been lifted from 0.25p to 0.6p—in the last full year a total of 1.25p was paid from pre-tax profits of £545,000 (£130,000). First-half earnings per share were shown as rising from 1.64p to 3.6p.

* * *

Despite a higher turnover of £1.51m, against £1.34m, clothing manufacturer Sumrie Clothes made an increased pre-tax loss of £173,000 in the half year to September 29 1984, against £94,000 last time. Loss per 20p share rose from 3.76p to 6.92p.

The board has resolved to postpone its policy of acquisitions in order to concentrate on returning the manufacturing business to profitability in the near future. The proposed acquisition of Spatebrook, announced in June, will not proceed and Mr Dennis Weathers, the production director, has resigned.

The board is implementing a stringent programme of measures with a view to improving margins during the second half.

* * *

Pre-tax profits of Seagram Distillers, a subsidiary of the Seagram Co., jumped from £3.5m to £13.19m in the six months to July 31 1984 on turnover of £130.37m, against £92.95m. The result benefited from an acceleration of shipments to overseas markets.

Net interest payable increased from £5.84m to £6.9m. Exchange losses rose sharply from £0.34m to £2.68m and tax was substantially higher at £5.39m (£0.29m). Earnings per share were 27.3p, against 11.2p before a £1.37m extraordinary charge.

* * *

Murray Technology Investments is estimating a reduction in earnings from 0.63p to 0.2p for the year to March 31 1985, and warns of a cut in the dividend—last year it paid 0.6p.

For the six months ended September 30 1984 net revenue fell to £74.000 (£80.000), after tax £36.000 (£18.000) and including dividend and interest received £276 000 (£264.000).

At September 30, the net asset value had reached 140.16p per share, against 139.1p at March 31 and 137.9p six months before that. A further £107,700 was invested in existing UK unlisted holdings and a further £105,000 was put into U.S. unlisted holdings. Also three new investments totalling £339,000 were completed.

COURTAULDS PLC

Interim Results

Unaudited results for the half year to 30 September 1984 are:-

1983/84 1st Half £m	1983/84 2nd Half £m		1984/85 1st Half £m
973.4	1,064.7	**Turnover to External Customers**	1,038.2
438.1	479.1	Turnover to UK Customers	441.7
202.5	230.0	Exports from UK (including inter-group)	216.5
362.1	386.6	Turnover Overseas	412.2
28.8	43.9	**Operating Profit — UK**	26.3
25.3	29.5	— Overseas	32.3
54.1	73.4	— Total	58.6
1.1	1.0	Share of Profits of Related Companies	1.9
(7.5)	(4.3)	Interest Payable net of Investment Income	(6.2)
47.7	70.1	**Profit on Ordinary Activities before Taxation**	54.3
(2.0)	(5.2)	Taxation — UK (including ACT £2.3m)	(2.4)
(8.3)	(12.9)	— Overseas	(9.9)
(10.3)	(18.1)		(12.3)
37.4	52.0	**Profit on Ordinary Activities after Taxation**	42.0
* (5.3)	(6.5)	Minority Interests	(4.0)
* 32.1	45.5	**Courtaulds Shareholders' Interest**	38.0
(0.1)	—	Preference Dividends	(0.1)
* 32.0	45.5	**Courtaulds Ordinary Shareholders' Interest**	37.9
*9.26p	12.00p	Earnings per Ordinary Share before Extraordinary Items	9.99p

**Restated to reflect the issue of Courtaulds shares for International Paint shares*

The breakdown of the Operating Profit between Product Groups is as follows:-

30.8	38.1	Fibres	27.6
5.8	7.2	Fabrics	7.5
3.8	12.3	Clothing	7.1
11.2	8.4	International Paint	12.5
5.8	6.5	BCL	5.3
1.3	1.6	National Plastics	1.8
(4.6)	(0.7)	Miscellaneous	(3.2)
54.1	73.4		58.6

UK Trading

By comparison with the first six months of 1983/84, there was little change overall in the volume of sales from the Group's businesses in the UK, although fibre exports to markets outside Western Europe were lower.

Increased prices in both home and export markets were generally sufficient to maintain or improve margins, except in some of the UK fibre businesses where a reduction in profits reflected some decline in the strength of demand. Additional costs have also been incurred as a result of national industrial disputes.

Overseas Trading

The rise in sales by the Group's businesses overseas was attributable to improvements in both volume and price, as well as to an increase of £21m due to exchange rate movements.

The improvement in overseas profits, after a £1.8m reduction due to exchange rate movements, principally arose from better trading conditions in North America.

Dividend

The Board has declared an interim dividend in respect of the 1984/85 year of 1.40p net per Ordinary Share (1983 1.20p) — gross equivalent 2.00p (1983 1.714p) — to be paid on 9th January 1985 to shareholders on the register on 27th November 1984. The cost of the interim dividend after deducting ACT is £5.3m.

COURTAULDS PLC
18 Hanover Square, London, W1A 2BB

D. C. Pimlott, Secretary
27 November 1984

UK COMPANY NEWS

ASH extends alarm lead with Security Centres UK division

BY CHARLES BATCHELOR

Automated Security Holdings (ASH), Britain's largest security alarm group, is paying up to £8.5m for the UK alarms business of Security Centres Holdings, another leading company in this field.

Security Centres plans to spend £1m of this to acquire Defence Systems International, a private security consultancy with which it already has close links.

Security Centres' shares fell 30p to 200p, reducing its market valuation by £4.6m to £30m. ASH's shares fell 4p to 173p.

Both ASH and Security Centres have been actively acquiring alarm and security companies in the UK and abroad in the past year or so. The Security Centres' purchase will bring ASH a further 20,000 alarm rental contracts providing £2m of recurring revenue in addition to the 80,000 contracts it already has to increase its lead in this area of the security business.

Eleven of the 16 central monitoring stations operated by Security Centres are in cities where ASH has a station. ASH plans to operate only one station in each city to achieve substantial cost savings.

Security Centres said its UK alarms business had been achieving static profit levels. To expand its network to the minimum number of 50,000 rental contracts considered viable would have cost £15-20m, if it could have found suitable acquisitions Mr Brian O'Connor, the chairman, said.

In the U.S., Security Centres' SCUSA affiliate, in which it holds nearly 35 per cent, obtains 85 per cent of its $50m worth of revenues from long-term rental contracts. In Ireland the percentage of stable long-term revenue is 50 per cent compared with only 25-30 per cent in the UK.

Security Centres has therefore decided to pull out of this business in the UK to concentrate on its operations in Ireland where it expects to make a 25 per cent return in the year ending March 1985 *on its recent £1.37m investment in three alarm companies*—and in the U.S.

It has also recently established a subsidiary in Sweden to develop the Scandinavian market and hopes to open up the Middle East market through Defence and Security International, a joint venture company set up earlier this year with Defence Systems International and a Jordanian partner.

Defence System International is expected to double profits in the year ending June 1985 after making £100,000 pre-tax last year on turnover of £550,000.

Defence and Security International, the joint venture company, recently won two contracts worth a total of £350,000-400,000 to supply security systems and train staff at two large installations under construction in Jordan and the United Arab Emirates.

Security Centres yesterday reported pre-tax profits of £2.7m on turnover of £14.4m in the six months ended September 30, 1984, compared with £1.76m profit on sales of £8.5m in the comparable period.

Earnings per share rose only 1p to 9.1p as a result of recent share issues. It will increase its interim dividend to 1p from 0.9p.

ASH will make an initial payment of about £6.5m for the Security Centres' UK business, comprising £4.4m cash and £2.1m in shares. A further payment of about £2m will be paid over five years calculated as 20 per cent of annual rental income on the systems ASH is buying.

ASH was a keen follower of the fortunes of Chubb & Son, Britain's largest security group, during the course of the £170m takeover bid from Racal Electronics. At one stage ASH held a 4.5 per cent stake in Chubb. When it became clear Racal had no plans to dispose of Chubb's alarms business ASH went ahead with the Security Centres deal.

Samuelson Group expands

Contracts have been completed for the Samuelson Group to acquire the equipment rental assets of Theatre Projects used in theatre and live presentation activities for almost £1.63m cash. The deal will be effected through Sealworth, a new subsidiary of Samuelson.

In addition, Sealworth has assumed hire purchase and leasing commitments of £264,000 attaching to the equipment rental assets. Theatre Projects has subscribed £300,000 for 25 per cent of the equity of Sealworth, and the latter will change its name to Theatre Projects Services.

Samuelson has agreed to invest £350,000 cash in TPL by way of redeemable preference shares and a secured debenture. Samuelson has been granted an option, exercisable at any time after three years, to acquire TPL's holding in Sealworth.

The TPL hire divisions, based at Nine Elms in London, service the theatre, TV, video and industrial presentation markets and incorporate the largest theatrical lighting rental facility in Europe with a rapidly expanding sound and audio-visual operation.

Ray Maughan on the background to Intasun's hotel bid

Trying to book a room with Comfort

IT WAS not so very long ago that Mr Harry Goodman, one of the best known figures in the package holiday industry, was able to declare resolutely that "we are not a property company, so we don't want to buy hotels."

Much has changed in the last six years. Mr Goodman's Intasun Leisure has been floated on the USM and then obtained a full listing, weathered the vicissitudes of the international currency markets and the domestic tour industry and now decided that a healthy measure of diversification within the leisure sector is now in order.

The chosen target is hotels as Intasun launched a contested £44m cash and equity offer for Comfort Hotels. But the stock market is already expecting considerable opposition for the following reasons.

● Comfort has simultaneously set up a £15m offer for Prince of Wales Hotels, which Intasun does not want and will attempt to block.

● The chairman of Comfort, Mr Henry Edwards, is considered an expert in the middle of the price range hotel sector and his consent may be vital to the eventual success of Intasun's diversification strategy.

● Intasun has extensive experience in the hotel industry, but it buys hotels space, while its management has never had to stand behind the reception desk.

Some time in the middle of September, Taddale, which owns majority control of Prince of Wales, received an offer which was under consideration. The identity of the prospective buyer was never disclosed at the time but it now turns out that Mr Edwards had discussed a bid with an old hotel industry acquaintance, Mr William Crossman, who runs POW for Taddale.

Taddale had only acquired control in February, for £8.75m, but it has now irrevocably accepted Comfort's terms in respect of a

'Marketing is so silent as to appear invisible'

51 per cent holding. A U.S. hotel chain, Quality Inns, has 11 per cent of POW and an option, from Taddale, on a further 9 per cent.

POW has eight complementary hotels in the UK—notably the Imperial in Blackpool—which will give Comfort 22 outlets in Britain as well as hotels in France, Denmark and Holland.

It now looks as if Comfort will be able to tie up a deal with Quality, one of the world's largest hotel organisations, and negotiations are at an advanced stage for the establishment of a joint company which will be responsible for the European operations of Quality's franchises.

Intasun has attacked the POW proposals, but Comfort is happy that it can add business and conference trade to a predominantly seaside chain in much the same way that it is changing the emphasis of its existing central London operation away from the overseas tourist toward the businessman.

Mr Edwards is, as one industry analyst described him yesterday, "one of the most experienced and long lasting hoteliers in the UK industry."

Having helped set up Grand Metropolitan, where he was general manager and a director, with Mr Maxwell Joseph, the *Comfort chairman built up* Centre Hotels before selling out to Coral Leisure, later acquired by Bass, in 1977.

The proceeds were used to buy the Garcia brothers' Adda International chain which became Comfort in October 1978. A couple of months later, the Kaye brothers, Reginald and Philip, sold their City Hotels operation to Comfort and with it the Strikes restaurant and Dayvilles ice cream subsidiaries. Strikes has since been floated on the USM and then acquired by Garfunkels, although *Comfort* retains the trading name.

Comfort's "marketing is so silent as to appear invisible," as one stockbroker said yesterday, not without some admiration, but its ability to fill bedrooms (1,700 in London, 1,000 in the rest of the UK and just under 1,000 in Europe) is expected to lift profits to about £3.5m this year, against £2.4m last time and £1m in 1982.

Mr Goodman is as ebullient as Mr Edwards is withdrawn, but the track record is as good if not better. In an increasingly crowded market place, Intasun has pushed profits up from £2.9m to £16.5m between 1979-80 and 1983-84. It has benefited from both the Court Line and Laker Airways crashes by rushing fast, while others hesitated, to pick up unexpired hotel contracts and

Mr Harry Goodman, chairman of Intasun Leisure

shown fleetness of foot in first developing the Florida market and then quitting before the dollar's strength and much publicised riots deterred Britain's holidaying public.

Intasun will probably spend £100m this year with hoteliers through Spain, the Balearics Greece and Britain's other favoured tourist spots. That means that it will be negotiating 10m of what the trade calls "bed-nights" in 440 hotels.

Whether that necessarily translates into success in selling bedrooms is another matter. Mr Goodman is determined that, without changing the overall status of Comfort's two and three star hotels, he can package and brand them more effectively and use his contacts abroad to help fill the rooms.

Duncan Fraser forms financial services arm

Duncan C. Fraser, a leading firm of consulting actuaries, is launching a financial services company called Fraser Financial Planning.

The company will operate, at least initially, mainly in the field of providing companies with a competent, financial counselling service for their employees, with particular emphasis on counselling for those employees nearing retirement.

However, the service will also be available to individuals and the partners of Duncan Fraser see controlling directors and self-employed persons as the most likely users.

The chairman of the new company is Mr Peter Felton, a senior partner of Duncan Fraser.

Mr Taylor pointed out that most pension consultant firms had well established comprehensive financial services, whereas the partnership had in the past had to divert elsewhere individuals who approached the partners with personal pension problems.

New entrant in bid for East Lancashire Paper

East Lancashire Paper Group, fighting a £5.23m bid from British Syphon Industries, disclosed yesterday that it had received an approach which could lead to another bid for the paper maker and merchant.

The identity of the new entrant was not revealed, but the approach did not come from Mr Ian Wasserman's G. M. Firth, a diversified holding company which now holds 12.75 per cent after successive market purchases.

East Lancs shares jumped 15p to 109p in response to the news, compared with BSI's latest cash alternative of 96p, its initial offer of 80p and the 40p market price before East Lancs first disclosed that it had received a bid approach.

BSI, the drinks dispensing group chaired by Mr Bryan Morrall, is offering six of its shares for five East Lancs. It holds 24.8 per cent of the paper group. BSI shares rose 1p yesterday to 77p.

East Lancs, whose board had been due to meet yesterday to consider a response to Monday's increased offer from BSI, advised its shareholders to take no action following the new approach.

Channel Hotels lifts its stake in Leisuretime

Channel Hotels and Properties, Mr David Kirch's Jersey-based property group, has bought a further 376,874 shares in Leisuretime International, the hotel and travel group, to increase its holding to 2.16m shares or 24.21 per cent.

Channel Hotels has been steadily increasing its stake in Leisuretime in recent months and bought a 5 per cent holding from Kennedy Brookes, the restaurant group, earlier this month. Leisuretime is headed by Mr Timothy Aitken.

In a separate announcement Mr Kirch said reorganisation of his company into a purely property holding and investment group had been completed and his personal stake was now 83.57 per cent.

The stock exchange has agreed to allow dealings to continue under rule 535 (2), formerly known as rule 163 (2), he said.

Channel has acquired further commercial property interests in the Channel Islands and is jointly developing the Forum Cinema site in St Helier, Jersey *with John Mowlem & Co* as 90,000 sq ft of banking and other offices. The purchase price of the site was more than £2m.

Channel will change its year-end to December 31 from April 30 following its move out of hotel operations into the purely investment field.

The interim dividend of 0.6p covers a period before Mr Kirch took over Channel and profits expected for the eight months ending December 31 1984 should allow an improved dividend next year, he said.

Currys' plea to members

Currys, the High Street electrical retailer, yesterday launched a counter-attack aimed at persuading shareholders who have agreed to the £242m takeover bid from Dixons to withdraw their acceptances.

The latest Currys' letter to shareholders went out on the day when its share price moved ahead of the value of the Dixons' offer. Currys rose 8p yesterday to 527p, just over 2p more than the value of the Dixons offer, in the wake of the 3p rise in Dixons' share price to 417p.

Dixons is offering two of its own shares and 740p cash for every three Currys' shares.

Currys yesterday rushed out early results from four new stores which have opened in recent weeks. A new superstore opened in Birmingham increased sales in the centre of the city by 70 per cent over last year's level in the first five weeks of operation, Currys said.

Currys also pointed to a tenfold increase in sales in the first week of operation of a new store in Newcastle upon Tyne and a 90 per cent rise in the first three weeks after the conversion to a new format of its store in Oxford.

BIDS AND DEALS IN BRIEF

Dowty Group has purchased Domain Micro-Systems of Eccleshall, Staffordshire for an unspecified amount.

Net assets to the value of £350,000 were acquired, together with the business and technology of Domain, which specialises in the design and manufacture of equipment for the measurement of small static or dynamic magnetic fields. The business will be carried on as Domain Magnetics by the controls division of Dowty Electronics.

* * *

At an EGM of Ladbroke Group, shareholders approved new joint venture partnership arrangements with Mr K. K. Kilstock's interests for certain property development projects in the U.S., and the purchase from him and his family interests of their minority shareholding in London & Leeds Investments and a subsidiary.

* * *

Mr L. M. Ratner chairman of Ratners (Jewellers) told shareholders in the acquisition document for Terry's (Jewellers) that while Ratners' performance in the early part of the current financial year was disappointing, the substantial part of sales and profits were traditionally achieved in the second half. Early signs were that the build-up to the Christmas period, which was crucial to the outcome for the full year, had been satisfactory. Results for the half year to October 6 1984 would be announced in early January 1985.

* * *

Scottish Heritable Trust is considering its position in the light of the recommended offer by London and Midland Industrials for Hoskins & Horton.

* * *

Citicorp Venture Capital and Pruventure have invested in Elga Limited, the privately-owned UK market leader in specialist water treatment and purification systems and equipment for medical, research and industrial use. The investment will give CVC a 26 per cent holding, and Pruventure a 13 per cent stake.

The existing management team of five people of Elga, based at High Wycombe, Bucks., will retain majority control. For the year ended March 31, 1984, Elga produced record pre-tax profits of £474,000 on turnover of £5.3m, of which 25 per cent was exported. In 1979-80, pre-tax profits were £193,000 on sales of £3.3m.

* * *

Ward Securities recently disposed of a further 210,000 Cronite Group ordinary shares and is interested in 13.15 per cent of issued ordinary shares.

MINING NEWS

Texaco seeks buyer for Escondida stake

BY KENNETH MARSTON, MINING EDITOR

Texaco is attempting to sell its half-share in the La Escondida copper property which is thought to be one of the world's biggest known, unexploited copper deposits with an ore reserve of 1.7bn tonnes.

However, in view of the metal's statistical position there is currently no rush of buyers for copper deposits. It is understood that the other partner in the venture, Australia's Broken Hill Proprietary, has declined Texaco's offer which would have made it the sole owner of the property in Chile.

Texaco inherited the half-share when it acquired Getty Oil for $10.2bn (£8.5bn) earlier this year. Similarly, BHP acquired its stake through its $2.40m purchase of the Utah International subsidiary of General Electric of the U.S.

The Getty takeover has made a debt burden for Texaco, which is also having to writedown its assets by $765m because of the fall in oil prices. Texaco has said that it is making sales of about $2.1bn of Getty's assets to reduce debt.

Meanwhile, studies are continuing into the possibility of taking the Escondida deposit to production on an open-pit basis working on some 518m tonnes of near surface ore, which grade a good 2.16 per cent copper. The studies are expected to be completed by the end of 1984, followed shortly afterwards by an official announcement.

Texaco says the studies indicate that the project would be economically viable. But what remains to be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Consgold plans merger of SA coal companies

THE Consolidated Gold Fields group's Clydesdale (Transvaal) Collieries and Apex Mines are to merge with effect from January 1. Clydesdale, listed in Johannesburg and London, will be the corporate vehicle and the merger terms are 260 new shares in Clydesdale for every 100 held in Apex.

The two South African coal companies will consider the declaration of dividends on their existing shares next month in the normal way. The new shares in Clydesdale will rank only for dividends declared by the merged company after January 1. As part of the plan Clydesdale is to change its name to Gold Fields Coal.

Gold Fields' 49 per cent-owned ofSadleIF uoth Gold Fields of South Africa (GFSA) acquired the existing Clydesdale earlier this year from the Gencor group in a R73m (£33m) deal.

Mr Robin Plumbridge, the GFSA chairman, said in London recently that the move opened the prospect of the group becoming a significant exporter of coal and supplier of South African power stations in the 1990s.

GFSA controls large reserves of coal in the Transvaal and holds export allocations of 2m tonnes a year under phase IVA of the state scheme for coal exports.

The intention is that when opportunities arise to exploit these coal resources the group will give consideration to doing so via Gold Fields Coal which will become the group's major operating company in the coal sector.

MTD (Mangula) hit by rising costs and charges

THE ZIMBABWE copper producer, MTD (Mangula), in which the Zimbabwe Government acquired a controlling interest two months ago, has announced poor results for the year to September 30, reports Tony Hawkins from Harare.

Although turnover rose nearly 13 per cent to Z$46m (£26.7m) the working profit dropped to Z$2.26m from Z$4.64m. The company points out that while the value of sales increased, owing to the depreciation of the Zimbabwe currency and a slight improvement in metal prices, benefits were more than outweighed by *escalating mining* costs and increases in realisation charges.

Interest charges of Z$2.9m exceeded working profits to leave a pre-tax loss of Z$634,000. This loss, coupled with the substantial loan commitments, preclude the declaration of a dividend.

Last month the government said it was investigating the possible expansion of Mangula's mining activities. The latest results, however, suggest that there is unlikely to be any investor enthusiasm for such a programme.

* * *

Mr Basil Herzov said at the Johannesburg meeting of Anglovaal that on present indications profits will increase in the current year to next June. Earlier, Anglovaal had warned that its mining and industrial companies might find it difficult to raise profits but Mr Hersov said that profits of the industrial companies were slightly up in the September quarter and thhe gold mines were receiving higher prices for their exports.

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WALL STREET

Rate falls bring in the buyers

FURTHER signs of a weakening in short-term interest rates brought some institutional buyers to Wall Street yesterday, and the stock market rallied at midsession when President Reagan said he would bring the Treasury's new tax proposals before Congress early next year, *writes Terry Byland in New York.*

Stock prices were also helped by a reduction in broker loan rate by U.S. Trust to 9¾ per cent, the first time this rate has been below 10 per cent for some time.

By 3pm the Dow Jones industrial average was up 10.15 at 1,222.5.

The move by Chase Manhattan to cut prime rate to 11¼ per cent, thus opening up a spread against those banks which elected a 11½ per cent rate, was taken coolly. The credit sector moved narrowly in thin trading, despite a dip in the federal funds rate to below 9 per cent.

The financial market believed that prime rates of 11¼ per cent were fully justified by the falls in money market rates – some analysts are looking for prime at 11 per cent. Stock in the financial sector remained in favour, but rates on near-dated certificates of deposit edged higher, indicating that the fall in the cost of money to the banks may be slackening.

The Federal Reserve again entered the markets, announcing $1bn in customer repurchase arrangements when the federal funds rate stood at 8 15/16 per cent. Credit markets, which hope to see further easing in Fed policies, were pleased to see the board act when funds were below 9 per cent. But market traders remained cautious. They faced an auction of $8.5bn in one-year bills yesterday, following the sale of $13.6bn of bills at the regular Monday auction, and more Treasury demands later in the week.

The White House plan to overhaul the U.S tax structure, which appears to call for substantial cuts in both personal and corporate tax rates, found a cautious reception on Wall Street. The only significant response came from municipal bonds, where the tax-free advantages would be diminished if personal taxes fell. Municipal bond prices lost ⅛ or so, but the rest of the market was content to await the protracted debate of the plan in the Congress.

In the stock market, blue chips turned easier again at first but steadied at midsession. Leading oil stocks were quieter after their shake-out. But there was further selling of the smaller, domestic oil industry issues.

Motor stocks resumed the upward trend the originally greeted the cut in the federal discount rate, which is expected to set the stage for stronger car sales. General Motors stood out, $⅝ up at $77⅝.

Chase Manhattan put on $⅛ to $34⅝ after breaking ranks with its prime rate cut. Other bank issues continued to respond to lower money market rates which swell bank earnings. But the thrift groups gave up a little of their recent gains.

Improved profits at Litton Industries, the defence and electronics group, were taken coolly, and the stock held unchanged at $64½. But a warning on profits in the second half of the year took $2⅞ off General Instrument to $18¼. The omission of a quarterly dividend by Western Union, the communications group, had been foreshadowed by the board, and the stock edged up $⅜ to $11⅜.

With the Fed funds rate apparently stabilising below 9 per cent, credit markets settled around their recent levels. Three-month Treasury bills at 8.35 per cent shed four basis points. The bond market gave up an early advance and settled down to await the Commerce Department's latest index of leading indicators, due tomorrow. The price of the key long bond was little changed at 103 1/32.

LONDON

Selective support fuels record

SELECTIVE institutional support and a virtual absence of sellers ahead of British Telecom's debut next Monday fuelled a 3.2 advance by the FT Industrial Ordinary index yesterday to an all-time high of 925.3.

Proceedings were occasionally enlivened by company trading statements, with Beechams up 13p to 368p in response to its mid-term results. Courtaulds initially turned easier after its interim announcement but picked up to end 1p higher at 123p. Allied Lyons closed 5p lower at 164p.

The market in government stocks suffered from a lack of funds while sterling's recent weakness proved a further deterrent. Gilts eased ¼ before regaining part of the losses after the announcement of the latest U.S. prime rate cuts.

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HONG KONG

A CAUTIOUS approach adopted by private investors undermined share values in Hong Kong although a continuation *of institutional buying demand enabled* prices to pick up from their low points of the day.

The Hang Seng index, which was down about seven points at the end of the morning session, recovered to close 1.23 easier at 1,112.73.

Jardine Matheson was an active feature in two-way trading, in continued reaction to denials from European groups that they were potential bidders. It ended 10 cents down at HK$8.65.

Property shares were mostly easier ahead of today's auction of land in the Kowloon business district, which will be the first major test of the property market since September's signing of the draft accord by Britain and China on the territory's future.

AUSTRALIA

A COMBINATION of weaker bullion prices, the stronger dollar and Wall Street's overnight performance left Sydney shares posting their largest one-day fall since mid-June.

The All Ordinaries index dipped 12.9 to 765.6 in a market that again displayed some nerves ahead of the national election at the weekend.

Gold mining stocks were sharply lower, with Central Norseman down 34 cents to A$5.30 and Renison Goldfields 20 cents easier at A$3.80. Other metals to decline included CRA, 18 cents to A$5.06, and Western Mining, 13 cents to A$3.17.

SINGAPORE

LIGHT profit-taking in recently favoured bank and plantations stocks constrained a continued advance in Singapore, although the Straits Times index still managed a 7.42 advance to 831.85.

Turnover slipped, however, to 11.4m shares from the 15.3m seen on Monday.

Pahang led the active list, adding 1 cent to S$1.12, while Dunlop Industries put on ½ cent to S$1.06 and Faber Merlin 1 cent to S$1.41.

SOUTH AFRICA

THE CONTINUED weakness of the rand restrained downward pressure on Johannesburg gold shares, which was again the result of the lower world bullion prices.

Among gold producers, Vaal Reefs lost R1.75 to R183, Kloof R1 to R76 and Driefontein 40 cents to R53.35.

Platinum producers were mixed, leaving Impala 25 cents lower at R25 but *Rustenburg 20 cents firmer at R16.20.*

CANADA

A LOWER trend was seen in Toronto, paced by declines in the oil and gold sectors. Metals and minerals issues were also easier.

A weaker tone was also evident in Montreal, with declines in industrials, minings and utilities. Banks, however, managed some marginal gains.

TOKYO

Drug makers spur sense of security

A STEEP rally by drug makers, favoured by speculators, brought a bright note back to the Tokyo market yesterday for the first time in many sessions, but trading did not remain active throughout the day, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average declined by more than 17 at one stage but closed 21.16 higher at 11,184.12. Losses still outpaced gains 386 to 307, with 187 issues unchanged. Volume expanded to 365.06m shares, from Monday's 255.20m.

Amid dull transactions, some speculators traded incentive-backed issues within a low price range of Y300 to Y500.

Sumitomo Light Metal advanced Y14 to Y394, reflecting increasing demand for aluminium magnetic discs, while Central Glass, which is making a fully fledged advance into fine ceramics, added Y20 to Y419.

A rise in demand for semiconductor manufacturing equipment pushed Nissin Electric up by Y31 to Y700.

Among speculative leaders, Nippon Denko and Pacific Metals went up Y33 each to Y853 and Y553, respectively.

Stocks with off-the-book assets also found purchasers. Mitsubishi Warehouse rose Y17 to Y332, but Nippon Express shed Y1 to Y345 under profit-taking pressure, on the day's second highest volume of 15.17m shares.

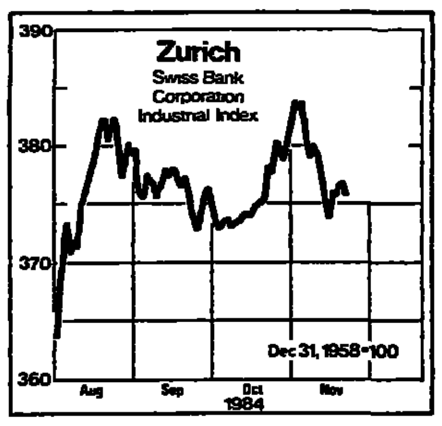
Toward the close, some drugs makers which had been easing in recent sessions staged a major rally. Mochida Pharmaceutical finished at a bid price of Y11,370, up Y500, in a turnabout from Monday's daily limit loss of that amount. The sharp gain reflected rumours that the company had acquired a sales right to an anti-cancer agent from Hayashibara Biochemical Laboratories.

This unleashed buying of other pharmaceutical stocks. Dainippon Pharmaceutical, which had lost Y120 on Monday, soared Y260 to Y5,560. Kaken Pharmaceutical jumped Y180 to Y4,300, and Daiichi Seiyaku added Y30 to Y2,100.

Non-life insurance issues firmed on small-lot foreign buying, with Sumitomo Marine and Fire gaining Y23 to Y575 and Tokio Marine and Fire Y11 to Y687.

Bond prices spurted in anticipation of a further drop in U.S. interest rates. City and trust banks, investment trust houses and some government financial institutions purchased long-term government bonds in lots of Y5bn to Y10bn each. But supply and demand nearly balanced as many other financial institutions placed sell offers worth Y2bn to Y3bn apiece.

The yield on the benchmark 7.3 per cent government bond due in December 1993 moved down to 6.655 per cent compared with 6.66 per cent on Monday, while the 7.3 per cent issue maturing in January 1994 fell from 6.78 per cent to 6.7 per cent.



EUROPE

Downward pressure dominates

CONFIRMATION emerged yesterday that the gains achieved by the European bourses at the start of the week's trading, *but which were already coming under* pressure by Monday's close, could not be sustained in the face of an uncertain course for Wall Street and world currencies.

Frankfurt was one of the many centres to show a weaker result in thin volume, and news of strong October surpluses on West German trade and current account provided little spur.

Foreign investors remained largely absent, but some issues managed a slight recovery from the day's lows. Good earnings figures from Bayer and VW none the less left the chemical issue DM 1.50 lower at DM 183.50 and the car maker down DM 2.10 at DM 195.30.

Engineering issues did better than most, taking Linde DM 2 higher to DM 362 and KHD up DM 1.20 to DM 247. On the high-technology side, PKI featured with a DM 7.50 gain at DM 646

A steady domestic bond market allowed the Bundesbank to sell DM 19.4m in paper.

An afternoon revival in **Amsterdam** failed to take hold, and quiet dealings left only isolated gains. Among these was a Fl 1.30 rise for Amev to Fl 197.70, a two-day advance of Fl 4.90 to a year's high. Gist-Brocades reversed a 50-cent opening loss to end with a Fl 1.90 advance at Fl 161.70.

Bonds were little changed ahead of a state loan tender.

A softer **Zurich** tone extended to most sectors, with electricals and insurances holding up best. Nestlé eased SwFr 15 to SwFr 5,280 as it reported on revenues and acquisition plans, while Ciba-Geigy reacted just SwFr 20 downward to SwFr 2,440 on its move for a swift withdrawal of a drug line.

The retail sector led **Paris** lower, with Au Printemps off FFr 5.60 at FFr 193.90. In chemicals, Air Liquide was unaffected by an EEC fine for competition infringements, putting on FFr 5 to FFr 561.

Institutional support remained for **Milan** and allowed an actively mixed outcome, with good after-hours demand. Pirelli Co gained L95 to L3,255 and insurer Generali L250 to L31,820, but Italcementi slid L950 to L64,000.

Bonds tended easier.

A mixed to lower **Brussels** showed a BFr 190 setback in Gevaert at BFr 3,500, attributed by one operator to possible disappointment at the day's movement by Bayer, in which it holds a minority stake.

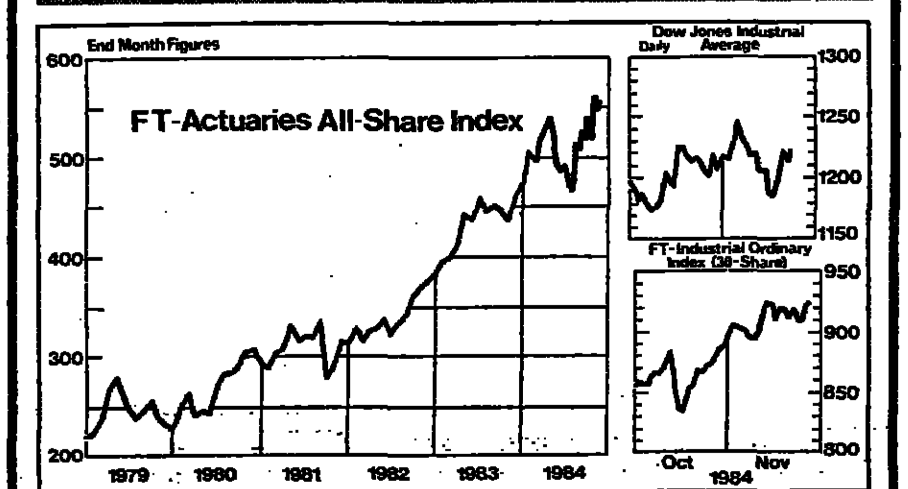
Solvay, also a recipient of an EEC fine, did show an adverse reaction – off BFr 55 to BFr 4,115.

The pace of the newly established **Stockholm** revival quickened, and a foreign buying presence was noted. Blue chips retained their leading role.

Copenhagen showed strength among banks and insurances, but industrials generally eased. Novo turned DKr 25 lower at DKr 1,365.

Utilities lead a **Madrid** retreat, resisted by the food and construction sectors.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Nov 27	Previous	Year ago
NEW YORK			
DJ Industrials	1,222.50*	1,212.35	1,277.44
DJ Transport	535.21*	531.78	610.43
DJ Utilities	145.11*	144.65	137.52
S&P Composite	166.77*	165.55	167.18
LONDON			
FT Ind Ord	925.3	922.1	746.7
FT-SE 100	1,178.0	1,172.3	980.9
FT-A All-share	558.62	554.97	460.89
FT-A 500	608.14	605.46	495.84
FT Gold mines	559.8	576.8	545.0
FT-A Long gilt	10.13	10.11	10.18
TOKYO			
Nikkei-Dow	11,184.12	11,162.96	9,340.85
Tokyo SE	846.18	846.99	687.82
AUSTRALIA			
All Ord.	752.5	765.5	738.4
Metals & Mins.	443.7	457.8	540.3
AUSTRIA			
Credit Aktien	58.52	n/a	54.06
BELGIUM			
Belgian SE	158.21	158.5	125.8
CANADA		Prev	Yr ago
Toronto			
Metals & Minls	1,950.4*	1,972.4	2,428.0
Composite	2,387.9*	2,399.4	2,495.4
Montreal			
Portfolio	118.61*	119.16	123.02
DENMARK			
Copenhagen SE	168.98	168.93	195.76
FRANCE			
CAC Gen	181.2	181.7	148.7
Ind. Tendance	120.8	121.7	94.5
WEST GERMANY			
FAZ-Aktien	371.29	373.22	345.1
Commerzbank	1,086.1	1,092.1	1,025.2
HONG KONG			
Hang Seng	1,112.73	1,113.96	830.12
ITALY			
Banca Comm.	216.47	216.43	193.06
NETHERLANDS			
ANP-CBS Gen	177.8	178.4	143.2
ANP-CBS Ind	140.0	139.7	113.7
NORWAY			
Oslo SE	271.62	263.81	199.51
SINGAPORE			
Straits Times	831.85	824.43	945.47
SOUTH AFRICA			
Golds	n/a	1,070.7	757.6
Industrials	n/a	969.0	892.0
SPAIN			
Madrid SE	143.92	144.76	124.73
SWEDEN			
J & P	n/a	1,333.66	1,472.46
SWITZERLAND			
Swiss Bank Ind	375.8	399.0	358.1
WORLD	Nov 26	Prev	Year ago
Capital Int'l	183.9	185.4	181.4

GOLD (per ounce)

	Nov 27	Prev
London	$333.75	$337.00
Frankfurt	$333.25	$338.75
Zürich	$333.25	$337.25
Paris (fixing)	$333.76	$338.49
Luxembourg (fixing)	$335.20	$339.20
New York (Dec)	$327.40	$331.50

* Latest available figure

CURRENCIES

	U.S. DOLLAR		STERLING	
(London)	Nov 27	Previous	Nov 27	Previous
$	–	–	1.2085	1.2001
DM	3.056	3.061	3.6825	3.6775
Yen	245.4	246.01	296.5	295.5
FFr	9.355	9.375	11.3	11.26
SwFr	2.523	2.524	3.0475	3.03
Guilder	3.443	3.449	4.1625	4.1425
Lira	1,888.0	1,893.0	2,286.0	2,273.0
BFr	61.45	61.5	74.35	74.0
C$	1.32075	1.31905	1.597	1.58325

INTEREST RATES

	Nov 27	Prev
Euro-currencies (3-month offered rate)		
£	9⅝	9⅝
SwFr	5⅛	5⅛
DM	5 11/16	5 11/16
FFr	11 5/16	11⅛
FT London Interbank fixing (offered rate)		
3-month U.S.$	9⅝	9¾
6-month U.S.$	9⅝	9 13/16
U.S. Fed Funds	8 15/16*	9
U.S. 3-month CDs	8.90*	8.85
U.S. 3-month T-bills	8.36*	8.45

U.S. BONDS

Treasury		Nov 27* Price	Yield	Prev Price	Yield
10⅜	1986	102 5/32	10.33	103 1/32	10.30
12⅛	1991	104 9/32	11.19	105	11.14
11⅝	1994	101 27/32	11.30	102 3/32	11.25
11¾	2014	103 1/32	11.34	103 15/32	11.32
Corporate		**Nov 27***		**Prev**	
AT & T					
10⅜	June 1990	96½	12.25	96½	12.25
3⅞	July 1990	73⅞	10.15	73⅞	10.15
8¾	May 2000	77½	12.00	77⅞	12.00
Xerox					
10⅞	March 1993	94⅜	11.75	94⅜	11.75
Diamond Shamrock					
10⅜	May 1993	93⅜	11.80	93⅜	11.80
Federated Dept Stores					
10⅜	May 2013	90	11.85	90	11.85
Abbot Lab					
11.80	Feb 2013	97⅜	12.15	97⅜	12.15
Alcoa					
12¼	Dec 2012	99¼	12.35	99¼	12.35

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Dec	72-29	73-10	72-27	73-01
U.S. Treasury Bills (IMM) $1m points of 100%				
Dec	91.62	91.67	91.58	91.63
Certificates of Deposit (IMM) $1m points of 100%				
Dec	90.97	91.01	90.93	90.99
LONDON				
Three-month Eurodollar $1m points of 100%				
Dec	90.62	90.62	90.54	90.61
20-year Notional Gilt £50,000 32nds of 100%				
Dec	109-12	109-15	109-02	109-12

COMMODITIES

(London)	Nov 27	Prev
Silver (spot fixing)	610.50p	618.75p
Copper (cash)	£1,139.50	£1,112.00
Coffee (Nov)	£2,300.00	£2,358.00
Oil (spot Arabian Light)	$27.175	$27.475

Prices at 3pm, November 27

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
23½	13¾	AAR	.48	2.3	19	22	21	21	21	−¼
30½	9½	AGS			8	55	11¼	11	11	
22	13½	AMCA	1	6.5		3	15½	15⅜	15⅝	+⅛
17⅞	13⅛	AMF	.50	3.3	83	348	15⅛	15	15	
41⅝	24¼	AMR			5	2570	34	33½	33⅝	−⅜
20⅞	13¾	AMR	pf2.18	11.		9	19⅛	19⅛	19⅛	
41½	27½	AMR	pf2.13	6.1		2921	34⅝	34¼	34⅝	+½
25¼	22⅞	ANR	pf2.67	12.		4	23	23	23	
23	19	ANR	pf2.12	11.		2	19⅛	19⅛	19⅛	
70⅝	40¼	ARA	2.10	2.9	14	934	71¼	70⅝	71¼	+½
68¾	44¼	ASA	3a	5.4		1125	56⅛	54½	55⅛	−⅛
30⅛	16½	AVX	.32	1.7	11	303	18⅞	18⅝	18⅝	−⅛
48⅝	36⅝	AbtLab	1.20	2.9	12	1318	42⅛	41	42⅛	+⅛
23⅝	16½	AccoWd	s.44	2.0	19	52	21¾	21⅝	21¾	−⅛
27¼	12½	AcmeC	.40	2.8		11	14½	14¼	14¼	−¼
12⅛	8¼	AcmeE	.32b	3.4	13	1	9⅜	9⅜	9⅜	
18¼	15	AdaEx	2.11e	13.		54	16⅝	16½	16½	−⅛
18⅞	11⅞	AdmMl	.32	2.1	8	5	15	15	15	−¼
22	12½	AdvSys	.21i	5.9	13	58	13⅝	13¼	13⅝	+⅛
41⅛	25¾	AMD			13	5149	28⅞	28⅜	28⅝	−⅛
14⅛	7⅞	Adwest	.12	1.5		100	7¾	7⅝	7¾	−⅛

Continued on Page 27

AMERICAN STOCK EXCHANGE COMPOSITE PRICES

Prices at 3pm, November 27

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Continued on Page 28

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Continued from Page 26

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X–Y–Z

12 Month High	12 Month Low	Stock	Div. Yld. P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
52½	33¾	Xerox	3 7.8 11	4201	38¼	37½	38⅛	+ ⅞
50½	45¼	Xerox	pf5.45 11	22	50½	50⅛	50½	+ ⅛
36¼	19	XTRA	2 8 8	1054	23	22½	22¾	+1¼
33⅝	24	ZaleCp	1.32 4.7 9	20	28⅛	28	28	− ⅝
24⅝	15¼	Zapata	.84 5.1 13	893	16⅝	16½	16½	
49	28⅛	Zayre	.40b .9 12	1168	45⅛	44⅝	45¼	− ¼
38½	20	ZenithE	8	761	23⅛	22	23⅛	+ ⅞
27⅞	18	Zero	.40 1.8 16	47	21⅝	21¼	21⅝	− ⅛
34	21⅛	Zurnin	1.32 5.0 11	248	26½	26⅛	26¼	+ ⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

Nov. 27	Price Schs	+ or −
Creditanstalt	227	−1
Goesser	350	
Interunfall	391	
Laenderbank	225	−2
Perlmooser	360	−10
Steyr-Daimler	159	−1
Veitscher Mag	243	−1

BELGIUM/LUXEMBOURG

Nov. 27	Price Frs.	+ or −
B.B.L.	1,820	+10
Banq. Int. A. Lux	5,475	
Bekaert B	4,400	−10
Ciment CBR	2,535	−10
Cockerill	287	−7
Delhaize	5,740	−50
EBES	2,920	
Electrobel	6,530	−30
Fabrique Nat	2,260	−35
GB Inno BM	3,075	−5
GBL (Brux)	2,150	
Gevaert	3,500	−190
Hoboken	6,060	−10
Intercom	2,185	+30
Kredietbank	7,500	
Pan Hldgs	9,900	
Petrofina	7,080	−60
Royale Belge	10,100	
Soc. Gen. Banq	3,260	+10
Soc. Gen. Belge	1,780	−5
Sofina	7,770	−30
Solvay	4,115	−35
Stanwick Intl	1,430	
Traction	3,880	−15
UCB	4,850	+10
Wagon Lits	2,480	−10

DENMARK

Nov. 27	Price Kr %	+ or −
Andelsbanken	267	
Baltic Skand	560	
CopHandelsbank	274	+1
D. Sukkerfab	530	
Danske Bank	272	+1
De Danske Luft	1,100	+5
East Asiatic	162	−1
Forenede Brygg.	740	
Forenede Damp.	101	
GNT Hldg	373	
I.S.S.B.	409	−5
Jyske Bank	505	
Novo Ind.	1,365	−25
Privatbanken	242	−1
Provinsbanken	340	−1
Smidth (F)	228	−2
Sophus Berend	905	+30
Superfos	413	−2

FRANCE

Nov. 27	Price Frs.	+ or −
Emprunt 4½% 1973	1,682	−9
Emprunt 7% 1973	9,001	−44
Accor	243	+1
Air Liquide	561	+5
BIC	502	−5
Bongrain	1,722	−18
Bouygues	688	+8
BSN Gervais	2,550	−5
CIT Alcatel	1,345	−13
Carrefour	1,644	+4
Club Mediter'n	1,076	−1
Cie Bancaire	581	−9
Cofimeg	235	+1
Damart	2,320	+30
Darty	1,170	−24
Dumez S.A.	638	−8
Eaux (Cie Gen)	532	−7
Elf-Aquitane	221.4	−3.1
Essilor	2,865	+1
Gen. Occidentale	675	−15
Imetal	77	−1.8
Lafarge Coppee	338.5	−2.5
L'Oreal	2,450	−18
Legrand	1,921	+16
Maisons Phenix	192	−6
Matra S.A.	1,676	−5
Michelin B	778	−12
Midi (Cie)	1,980	+10
Moet-Hennessy	1,845	−8
Moulinex	94.3	−0.4
Nord Est	71	−0.8
Pernod Ricard	744	
Perrier	497	+4
Petroles Fra.	241.5	+0.5
Peugeot S.A.	214	−1
Printemp.Aus.	193.9	−5.6
Radiotech	225	−1
Redote	1,230	−14
Rousul Uclaf	1,610	−30
Sefimeg	282	+1
SkisRossgnol	1,700	−30
Telemech Elect.	20,85	−15
Thomson CSF	580	+1.1
Valeo	241.5	

GERMANY

Nov. 27	Price Dm.	+ or −
AEG-Telef	105.7	−2.1
Allianz Vers	1,030	−1
BASF	173	−0.7
Bayer	182.5	−1.5
Bayer-Hypo	321	
Bayer-Verein	330.5	−1
BHF-Bank	270	−3
BMW	372.7	−3.3
Brown Boveri	203.5	−0.5
Commerzbank	147.7	−2.5
Cont'l Gummi	117.7	−1.3
Daimler-Benz	550	−2
Degussa	352	−2
D'sche Babcock	152.5	−0.3
Deutsche Bank	379.2	−1.6
Dresdner Bank	181	−1.4
GHH	155	−1
Hochtief	470	
Hoechst	181	−0.9
Hoesch Werke	101.5	−0.3
Holzmann (P)	363.5	−0.5
Horten	184	−1
Husser	290	−3
Karstadt	248.5	−0.9
Kaufhof	233.8	−1.8
KHD	247	+1.2
Kloeckner	70.5	−1.2
Linde	362	+2
Lufthansa	176.2	−1.5
MAN	148	−0.2
Mannesmann	149	−2
Mercedes Hld	492.5	−2
Metallgesell	214.5	−1.3
Muench Rueck	1300	
Nixdorf	330	−2.5
Porsche	1021	−16
Preussag	254	−2
Rhein West Elect	166.7	−1.2
Rosenthal	251	
Schering	305	−1
Siemens	457	−2.7
Thyssen	80.1	−0.9
Varta	179.6	+1.2
Veba	171.5	−1.3
V.E.W.	123.9	+0.1
Verein-West	280	−1
Volkswagen	195.3	−2.1

ITALY

Nov. 27	Price Lira	+ or −
Banca Com'le	15,800	+250
Bastogi-IRBS	115	+2.25
Centrale	2,189	−6
Credito Varesino	3,851	
Fiat	1,935	−10
Finsider	45	−0.75
Generali Assicur.	31,820	+250
Invest	2,925	−15
Italcementi	64,000	−950
La Rinascenti	503	+1
Montedison	1,231	−1
Olivetti	5,998	+18
Pirelli Co.	3,255	+95
Pirelli Spa	1,767	+3
Snia BPD	2,012	+21
Toro Assic.	12,000	−10
do. Pref.	8,870	+71

NETHERLANDS

Nov. 27	Price Fls	+ or −
ACF Holding	189	−0.5
AEGON	133.5	
Ahold	180	
AKZO	96.1	−0.6
ABN	340	−2.5
AMEV	197.7	+1.3
AMRO	63.7	−0.5
Bredero Cert	160.5	−1
Bos Kalis Westm.	15.1	−0.9
Buehrmann Tet.	68.3	−0.4
Calland Hldgs.	31.2	+0.2
Dordtsche Pet'm	151.2	−0.8
Elsevier-NDU	115.5	−1
Fokker	72.2	−0.5
Gist Brocades	161.7	+1.9
Heineken	142.3	+0.6
Hoogovens	63	−1
Int Mueller	36.4	−0.6
KLM	43.3xc	−0.01
Naarden	45	−0.03
Nat Ned Cert	240.2	−1
Ned M d Bank	144.5	−1.2
Nedlloyd	159	+0.5
Oce Grinten	275	+1
Ommeren (Van)	27.7	−0.5
Pakhoed	64.8	−0.4
Philips	53.9	+0.1
Robeco	67.5	−0.2
Rodamco	135.5	+0.1
Rolinco	63.4	−0.3
Rorento	42.9	+0.3
Royal Dutch	168.8	−1.5
Unilever	301.5	+0.7
VMF Stork	131.5	−0.5
VNU	195.5	+0.1
West Utr Bank	117.5	+1.5

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NORWAY

Nov. 27	Price Kroner	+ or −
Bergens Bank	156	+5.5
Borregaard	310	−0.5
Christiania Bank	155	
DenNorske Cred	159	−1
Elkem	119	−3
Kvaerner	175	
Norsk Data	272.5	
Norsk Hydro	110xa	
Storebrand	197	

SPAIN

Nov. 27	Price Pta %	+ or −
Bco Bilbao	318	−1
Bco Central	330	−1
Bco Exterior	202	−1
Bco Hispano	220	−2
Bco Popular	388	−3
Bco Santander	332	
Dragados	161	−2
Hidrola	76.5	−1.2
Iberduero	84.5	−0.5
Petroleos	149	−1
Telefonica	94.5	

SWEDEN

Nov. 26	Price Kronor	+ or −
AGA	330	
Alfa-Laval	179	+2
ASEA (Free)	360	−2
Astra (Free)	300	
Atlas Copco	97	+0.5
Cardo (Free)	211	+6
Cellulosa	114	
Electrolux B	221	+4
Ericsson	275	+3
Esselte	258	
Mo Och Domsjo	253	−2
Pharmacia	177	+2
Saab Scania Free	450	
Sandvik	350	
Skandia	306	+6
Skan Enski'da	64	
SKF	158	−4
St Kopparbergs	147	−2
Sven Handlesbn.	180	
Swedish Match	252	−6
Volvo B (Free)	202	+6

SWITZERLAND

Nov. 27	Price Frs.	+ or −
Alusuisse	741	−5
Bank Leu	3,720	+20
Brown Boveri	1,335	−10
Ciba Geigy	2,440	−20
do. (Part Certs)	1,965	
Credit Suisse	2,290	
Elektrowatt	2,495	−5
Fischer (Geo.)	605	
Hoff-RochePtCts	87,000	−1575
Hoff-Roche 1/10	8,750	−100
Jacobs Suchard	6,075	−25
Jelmoli	1,900	
Landis & Gyr	1,510	−15
Nestle	5,280	−15
Oer-Buehrle	1,320	
Pirelli	248	
Sandoz (Br)	6,950	−50
Sandoz (PtCts)	1,130	−5
Schindler (PtCts)	620	−15
Sika	1,030	−10
Surveillance	3,665	+15
Swissair	1,018	−8
Swiss Bank	351	
Swiss Reinsce	7,650	
Swiss Volksbk.	1,450	−10
Union Bank	3,480	−20
Winterthur	3,280	+20
Zurich Ins.	17,775	+25

AUSTRALIA

Nov. 27	Price Aust $	+ or −
ANZ Group	5.24	−0.02
Alliance Oil Dev.	1.05	
Ampol Pet.	1.8	−0.01
Ashton	0.82	−0.02
Aust Cons Ind.	1.78	−0.05
Aust. Guarantee	2.85	
Aust. Nat. Inds	2.56	
Aust. Paper	2.18	−0.07
Bell Group	5.6	−0.1
Bell Res.	4.95	
Bond Corp Hldgs	1.67	−0.01
Boral	3.15	−0.07
Bougainville	1.75	−0.08
Brambles Inds.	3.36	−0.04
Bridge Oil	2.55	−0.02
B.H. Prop.	10.6	−0.15
CR*	5.06	−0.18
CSR	2.98	−0.08
Carlton Utd	4.30	
Castlemaine Tys.	5.04	+0.02
Coles (G.J.)	4.05	−0.05
Comalco "A"	2.35	−0.1
Consolidated Pet	0.59	+0.01
Costain Aust	1.4	
Dunlop Aust.	1.86	
Elders IXL	3.35xc	−0.15
Energ Res.	1.46	−0.01

AUSTRALIA (continued)

Nov. 27	Price Aust. $	+ or −
Gen Prop Trust	2.22	−0.05
Hardie (James)	3.2	−0.15
Hartogen Energy	2.55	−0.05
Herald W'yTimes	3.45	−0.05
ICI Aust.	2.04	−0.06
Jimberlana F.P.	0.42	−0.01
Kia Ora Gold	0.14	
Lend Lease	5.36	−0.14
MIM	2.53	−0.1
Mayne Nickless	3.3	−0.16
Myer Emporium	1.65	−0.05
Nat. Aust. Bank	3.44xc	−0.12
News	9.4	
Nicholas Kiwi	5.1	
North Bkn Hill	2.18	−0.09
Oakbridge	0.65	−0.03
Pancont'l	1.18	−0.04
Pioneer Conc.	1.65	−0.05
Poseidon	3.5	−0.1
Queensland Coal	1.16	−0.01
Reckitt & Coln.	3.12	−0.02
Repco	1.18	−0.05
Santos	6.3	
Smith (Howard)	3.65	−0.05
Thos. Natwide	1.78	−0.07
Tooth	6.8	
Vamgas	3.8	
Western Mining	3.17	−0.13
Westpac Bank	3.88	−0.01
Woodside Petrol.	1.11	−0.04
Woolworths	2.65	−0.05
Wormald Intl	3.05	−0.02

HONG KONG

Nov. 27	Price H.K.$	+ or −
Bank East Asia	22.6	+0.2
Cheung Kong	9	−0.05
China Light	12.4xa	
Evergo	1.55	−0.02
Hang Seng Bank	39.75	
HK Electric	6.5	−0.1
HK Kowloon Wh.	4.5	−0.05
HK Land	3.7	−0.02
HK Shanghai Bk.	7.25	
HK Telephone	47	+0.25
Hutchison Wpa.	15.6	−0.1
Jardine Math.	8.65	−0.1
New World Dev.	4.1	
Orient O'seas	2.75	+0.05
Oseas Trust Bk.	2.52	
SHK Props	7.3	−0.05
Shell Elect.	1.71	
Swire Pac A	19.8	−0.1
TV-B	4.85	−0.05
Wheel'k Mard A.	3.77	
Wheel'k M'time	1.46	
World Int. Hldgs.	1.41	−0.01

JAPAN

Nov. 27	Price Yen	+ or −
Ajinomoto	1,090	
Alps Electric	2,010	−20
Amada	1,090	−10
Asahi Chem.	566	−1
Asahi Glass	840	−5
Bridgestone	543	−14
Canon	1,650	−30
Casio Comp.	1,620	−20
Chugai Pharm.	1,070	
Citizen	585	+14
Daiei	630	+10
Dai Nippon Ptg	1,010	−10
Daiwa House	560	+20
Ebara	335	−6
Eisai	1,370	−40
Fanuc	11,000	
Fuji Bank	1,000	
Fuji Film	1,540	
Fujisawa	1,020	−20
Fujitsu	1,370	
Green Cross	1,640	−30
Hasegawa	355	
Heiwa Real Est	670	−18
Hitachi	840	−7
Hitachi Credit	1,040	+10
Honda	1,230	−30
House Food	716	−9
Hoya	2,460	+10
Itoh (C)	288	−3
Ito. Yokado	2,520	−20
Iwatsu	1,450	−10
JACCS	320	+4
JAL	5,200	+40
Jusco	736	−2
Kajima	272	+5
Kao Soap	800	
Kashiyama	624	−1
Kirin	515	+5
Kokuyo	920	−4
Komatsu	408	−4
Konishiroku	571	−1
Kubota	319	+1
Kumagai	432	+3
Kyoto Ceramic	7,250	+20
Maeda Const	472	−8
Muakino Milling	1,270	
Myakita	1,020	−10
Marubeni	299	−3
Marudai	550	
Marui	1,040	
MEI	1,400	
M'ta Elec Works	625	−8
M'bishi Bank	1,010	−10
M'bishi	512	+2
M'bishi Elec.	403	−1
M'bishi Estate	502	+10

JAPAN (continued)

Nov. 27	Price Yen	+ or −
MHI	288	−3
Mitsui Co.	325	+2
Mitsui Estate	665	−5
Mitsukoshi	345	
NGK Insulators	950	−15
Nihon Cement	203	+1
Nippon Denso	1,400	+20
Nippon Elect	1,230	−10
Nippon Express	345	−1
Nippon Gakki	1,490	
Nippon Kokan	137	+1
Nippon Oil	900	+3
Nippon Seiko	678	−9
Nippon Shimpan	636	−3
Nippon Steel	149	−1
Nippon Suisan	317	
NTV	12,690	−280
Nippon Yusen	246	−6
Nissan Motor	605	−4
Nisshin Flour	524	+4
Nisshin Steel	157	
Nomura	753	−7
Olympus	1,140	−10
Orient Leasing	3,380	−20
Pioneer	2,400	−30
Renown	630	+9
Ricoh	960	−2
Sankyo	883	−17
Sanyo Elect.	465	−49
Sapporo	388	−1
Sekisui Prefab	570	
Seven-Eleven	9,280	−20
Sharp	1,050	−10
Shimadzu	784	−9
Shionogi	697	−7
Shiseido	1,150	−20
Sony	3,660	
Stanley	948	−22
S'tomo Bank	1,190	−20
S'tomo Elect	958	−2
S'tomo Marine	575	−25
S'tomo Metal	146	
Taihei Dengyo	486	−1
Taisei Corp.	197	−3
Taisho Pharm.	945	−20
Takeda	768	−12
TDK	4,860	−10
Teijin	413	−7
Teikoku	668	−2
Tokyo Marine	687	+11
TBS	805	−5
Tokyo Elect Pwr	1,310	−10
Tokyo Gas	157	−1
Tokyo Sanyo	702	−28
Tokyo Style	720	
Tokyu Corp.	298	
Toppan Print	900	−9
Toray	409	+1
Toshiba Elect.	415	−3
TOTO	580	
Toyo Seikan	859	+6
Toyota Motor	1,210	−10
Victor	1,890	−10
Wacoal	740	
Yamaha	620	+3
Yamanouchi	1,810	−60
Yamazaki	710	
Yasuda Fire	341	+12
Yokogawa Bdge.	440	

SINGAPORE

Nov. 27	Price $	+ or −
Boustead Hldgs.	2.0	−0.04
Cold Storage	2.83	−0.09
DBS	6.1xa	−0.1
Genting	5.0	−0.05
Haw Par. Bros.	2.07	−0.01
Hong Leong Fin.	2.94	−0.02
Inchcape Bhd.	2.35	−0.13
Keppel Shipyard	1.76	+0.02
Malay Banking	5.65	−0.1
Malay Utd. Ind	2.4	−0.01
Multi Purpose	0.97	
OCBC	9.2	
OUB	4.08	−0.08
Public Bank	1.84	+0.02
Sime Darby	1.89	+0.01
Straits Trdg.	5.0	+0.14
Tat Lee Bk.	3.02	−0.02
UOB	4.48	−0.08

SOUTH AFRICA

Nov. 27	Price Rand	+ or −
Abercom	1.47	−0.03
AE&CI	7.85	
Anglo Am Coal	41	
Anglo Am Corp	25.0	
Anglo Am Gold	165	−7
Barclays Bank	18.9	+0.65
Barlow Rand	11.4	+0.05
Buffels	79	+0.5
CNA Gallo	2.6	+0.1
Currie Finance	4.5	+0.2
De Beers	8.45	+0.10
Driefontein	53.35	−0.4
FS Geduld	54.75	−0.5
Gold Fields SA	26.75	
Highveld Steel	4.4	
Nedbank	13.55	+0.05
OK Bazaars	16	−1.8
Protea Hldns	1.8	+0.16
Rembrandt	32.0	
Rennies	14.5	−0.25
Rust Plat	16.2	+0.2
Sage Hldgs.	7.15	−0.1
SA Brews	7.05	+0.05
Smith (CG)	22.5	
Tongaat Hulett	8.25	
Unisec	5.05	+0.25

OVER-THE-COUNTER Nasdaq national market, 2.30pm prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

LONDON

Chief price changes (in pence unless otherwise indicated)

RISES

Tr. 2½% I/L '90	£93¼	+£¾
Beecham	358	+13
Clive Discount	71	+7
Comfort Int'l	74	+13
E Lancs Paper	109	+15
Freemans	158	+10
Gen Accident	536	+16
Glass Glover	243	+6
Goring Kerr	405	+10
Hanson Trust	275	+8
Hill Samuel	318	+13
ICI	672	+8
Intasun	112	+6
Land Secs	311	+8
MEPC	336	+18
Provident Fin.	194	+9
Rentokil	150	+7
Rothmans	161	+8
Royal Insurance	582	+19
Samuelson	475	+15
Simon Eng	423	+10
Sumrie Clothes	70	+17
TACE	306	+12
Utd. News	305	+10
Vickers	196	+4
Volex	132	+12
Ultramar	233	+7

FALLS

Allied-Lyons	164	−5
Thorn EMI	483	−5
Security Centres	200	−30

Continued on Page 36

CANADA

TORONTO
Prices at 2.30pm November 27

Sales	Stock	High	Low	Close	Chng
[illegible]					

MONTREAL
Closing prices November 26

Sales	Stock	High	Low	Close	Chng
[illegible]					

AMERICAN STOCK EXCHANGE PRICES

Continued from Page 27

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Quote Close	Ch'ge Prev. Close
[illegible]										

Indices

NEW YORK-DOW JONES

	Nov 27	Nov 26	Nov 23	Nov 21	Nov 20	Nov 19	1984 High	1984 Low	Since Compilation High	Since Compilation Low
Industrials	1,212.56*	1,212.35	1,220.30	1,201.52	1,185.12	1,185.20	1286.64 (6/1)	1086.57 (24/7)	1287.20 (19/11/83)	41.22 (2/7/32)
Transport	533.1*	531.78	532.89	523.58	520.36	518.00	612.63 (6/1)	444.03 (24/7)	612.63 (6/1/84)	12.32 (8/7/32)
Utilities	144.39*	144.65	145.72	143.87	143.20	142.86	146.39 (2/11)	122.25 (15/6)	163.32 (20/4/69)	10.5 (28/4/42)
Trading vol 000's	76.52m	73.91m	81.62m	83.24m	69.72m					

	Nov 9	Nov 2	Oct 26	Year Ago (Approx)
Ind Div Yield %	4.76	4.75	4.80	4.46

STANDARD AND POORS

	Nov 27	Nov 26	Nov 23	Nov 21	Nov 20	Nov 19	1984 High	1984 Low	Since Compilation High	Since Compilation Low
Industrials	185.22*	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	191.48 (6/1)	167.74 (24/7)	194.84 (10/10/83)	3.62 (30/6/32)
Composite	165.22*	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	170.41 (6/1)	147.82 (24/7)	172.65 (10/10/83)	4.40 (1/6/32)

	Nov 14	Nov 7	Oct 31	Year Ago (Approx)
Ind div yield %	4.07	3.95	4.03	3.87
Ind. P/E Ratio	10.69	10.89	10.69	14.37
Long Gov Bond Yield	11.71	11.67	11.59	11.81

LONDON STOCK EXCHANGE

MARKET REPORT

Industrial leaders regain early losses and index closes at all-time high

Account Dealing Dates

Option *First Declara-tions Dealings	Last Dealings	Account Day
Nov 12 Nov 22	Nov 23	Dec 3
Nov 26 Dec 6	Dec 7	Dec 17
Dec 10 Dec 20	Dec 21	Jan 7

* " New-time " dealings may take place from 9.30 am two business days earlier.

The proximity of British Telecom primed London equity markets for another assault on the November 13 record high and shortly after midday yesterday the FT Industrial Ordinary share index moved into uncharted territory. This was achieved despite Wall Street's overnight reaction, which generated initial caution to London financial markets, and dwindling investment activity.

A resumption of the dull New York tone in the early trade yesterday failed to reverse the trend and the index closed 3.2 up at an all-time best of 925.3.

Once again, the rise in values owed much to selective institutional support and the virtual absence of sellers in front of BT's debut next Monday. Sterling's return to stability, after Monday's dive against the dollar, was noted, but along with speculation about another attempt to resolve the prolonged miners' dispute, contributed little to the overall market scene.

Company trading statements occasionally enlivened proceedings with Beecham responding strongly to mid-term results. Courtaulds and Allied-Lyons, however, lost ground following their respective interim announcements. Oils finally shook off recent worries about lower world crude prices, but British Petroleum were finally little changed on the overnight level. Situation stocks were quieter, although one or two takeover candidates attracted speculative interest.

With so much money tied up in the BT issue, the market in Government stocks suffered from a lack of funds. Sterling's recent weakness was another deterrent and the Gilt-edged quotations eased ⅛ before regaining part of the losses on news of further U.S. Prime lending rate cuts; at least two major banks reduced their levels to 11½ per cent. Low-coupon shorts resisted the trend owing to specialist demand and index-linked issues also moved slightly firmer. Treasury 2 per cent 1990 rose ⅛ to 93⅛.

Hill Samuel advance

In a firm banking sector, Hill Samuel stood out with a speculative rise of 13 to 318p on revived hopes of a bid from Bats, whose cash resources increased last week following the sale of its International Stores division to Dee Corporation for £180m. Provident Financial, 9 higher at 194p, also reflected takeover speculation, while Clive Discount improved a few pence to 71p on vague rumours of an impending cash offer of 80p per share. Standard Chartered, recently affected by adverse comment on the South African banking industry, recovered 13 to 458p. Stock shortages exacerbated gains in the major clearers. Lloyds advanced 13 to 528p, NatWest 10 to 572p and Barclays 9 to 527p.

Insurances continued to forge ahead with technical considerations promoting part of the rise. Composites led the way and Royals closed a further 19 higher at 552p. General Accident, 536p, and GRE, 693p, rose 18 apiece. Among Life issues, Prudential added 12 at 475p and Legal and General 15 at 515p.

Turnover in Breweries was centred on Allied-Lyons which dipped to 163p before settling a net 5 off at 164p; satisfaction with the interim figures was partly eclipsed by the bearish comments on profit margins. Bass, on the other hand, advanced 5 to 443p ahead of the full-year results, scheduled for tomorrow week.

In a quiet Building sector, BPB Industries softened 3 to 392p awaiting today's half-timer but Redland, interim figures due tomorrow, hardened a penny to 295p. Secondary issues displayed few significant movements; Tarrif attracted demand in a restricted market and rose 8 to 278p. Among Timbers, John Carr shed 2 to 60p following the annual results.

ICI remained a relatively subdued market, but the close was a net 6 up at 672p, after 674p. Among other Chemicals, Rentokil gained 7 to 150p following a " chart buy " signal, while Hickson International rose 13 to 403p in a restricted market.

Sumrie spurt

Speculative interest for Sumrie Clothes refused to abate and the shares, down 9 on Monday following the increased first-half loss, rallied 17 to 70p. Dunhill continued to benefit from the encouraging half-timer and firmed 10 for a two-day gain of 22 to 240p, while buyers also showed enthusiasm for J. Hepworth, 13 dearer at 433p. Currys advanced 8 to 527p in after-hours' dealings following yet another rejection of the offer from Dixons, 3 up at 417p. Mail-orders found favour with Freemans 10 up at 168p and N. Brown 5 better at 190p. John Menzies attracted " call " option business and closed 5 to the good at 220p.

Leading Stores finished a shade firmer for choice. Woolworth rose 8 more in a narrow market to 593p, while bid hopes continued to surround Debenhams, 5 up at 218p.

Unfavourable reports emanating from an analysts' meeting on Monday unsettled Thorn EMI, which dropped to 475p before recovering to close 5 lower on balance at 483p. Other leading Electricals were quietly firm with Racal 4 better at 284p and GEC 3 dearer at 228p. Cable and Wireless also improved 3 to 383p awaiting today's interim figures. Elsewhere, Security Centres plunged 30 to 200p on news of disappointing interim results, the sale of its electronic security business to competitor Automated Security for £8.5m and the purchase of Defence Systems International; Auto Security closed 4 off at 173p, after 168p. Goring Kerr continued firmly at 405p, up 10, and Tace advanced 12 to 308p in sympathy. Volex gained 12 to 132p on further consideration of the interim results, while International Signal and Control responded anew to the Zeta Laboratories acquisition and settled 8 up at 298p.

Recently supported on rumours of either a U.S. bid or a possible stake build-up, TI returned to prominence in Engineerings and touched 242p before closing 4 up on balance at 238p. Vickers were also favoured among the leaders at 196p, up 4. Elsewhere, Yarrow responded afresh to weekend comment on nationalisation compensation hopes and rose 10 more to 350p. Simon gained the same amount at 423p.

Food Retailers continued to meet selective support. Tesco added 3 more at 229p and J. Sainsbury firmed 4 to 282p. Elsewhere, Glass Glover rose 6 to 243p following the expansion plan, while Meadow Farm Produce, still reflecting good interim results, gained 7 more to 275p. Recently-depressed Bio-Isolates revived strongly to close 8 up at 46p. On the takeover front, Callens Ordinary firmed 5 to 480p, but the "A" shed that much, to 370p, following the revised terms from Watling (105) and Mr Lewis Cartier's Aromaglade.

Bid developments enlivened proceedings in the Hotels sector. Comfort International gained 7 to 74p on the shares and cash offer worth £44m from travel concern Intasun, 4 up at 112p. Comfort countered with a share exchange bid worth around £15m for Prince of Wales Hotels, which jumped to 130p prior to closing unchanged at 115p. Other takeover favourites joined in and Savoy "A" rose 13 to 375p, while the "B" moved up 9 points to £102. Queens Moat Houses firmed 2½ to 52p and Mount Charlotte 3½ to 71½p.

Beecham feature

Satisfactory interim profits and the optimistic tenor of the chairman's statement helped Beecham recover from 350p to 370p before closing 13 higher on balance at 368p. Other miscellaneous industrial leaders moved forward with U.S. favourite Hanson Trust notable for a rise of 6 to 278p. Reed International put on 8 to 494p and Metal Box hardened 4 to 342p. Elsewhere, British Aerospace, at 357p, retrieved 6 of the previous day's fall of 11. F. H. Tomkins gained 6 more to 132p, but Minty lost 17 to 306p on the disappointing results.

Among Leisure issues, Samuelson rose 15 to 475p following acquisition news.

Motor Components were irregular. Lucas continued to attract modest demand in the wake of the annual report and hardened a couple of pence further at 280p, while Dowty rose 3 to 183p following acquisition news. Automotive Products returned to favour and touched 68p before closing 5 up on balance at 66p, but Jonas Woodhead eased 1½ to 37p on news that Mr Ron Brierley's IEP Securities had reduced its stake to 8.82 per cent.

Buyers displayed renewed enthusiasm for Publishers and gains often extended into double figures. Associated Newspapers rose 8 to 455p, with Daily Mail A 20 higher at 775p. Fleet attracted revived speculative support and improved 8 to 193p. Exchange and Mart group Link House firmed 15 for a two-day spurt of 140 to 725p on further consideration of the agreed offer from United Newspapers, 10 to the good at 305p. Interest was also shown in Metal Bulletin, 8 up at 172p, and in William Collins, 20 dearer at 595p. Paper/Printings were highlighted by a fresh burst of speculative activity in East Lancashire Paper which advanced 15 to 109p on the announcement that a third party has made a bid approach. Original suitors British Syphon, which revealed an increased offer for East Lancashire on Monday, hardened a penny to 77p. Mr Ian Wasserman's G. M. Firth now controls just under 13 per cent of East Lancashire. Elsewhere, DRG firmed 7 to 155p, after 158p, on a resurgence of speculative demand.

Properties replied strongly to the reappearance of institutional buyers. Land Securities rose 8 to 311p and MEPC gained 10 to 336p, the latter awaiting today's annual results. Stock Conversion attracted fresh demand amid speculation of a bid from British Land and the close was 7 higher at a 1984 peak of 410p. Peachey, 6 up at 240p, were helped by the letting of the Standen House office development to Sedgwick Group. Capital and Counties rose 6 more to 220p and Hammerson A moved up 10 to 500p. Elsewhere, Rosehaugh gained 10 to 590p in front of today's preliminary statement, while Gilbert House firmed a penny to 24p after good half-year figures.

Courtaulds touched 126p before settling only a net penny to the good at 123p after announcement of the first-half profits; these were deemed mildly disappointing.

Rothmans International, a dull market since poor results from the Carling O'Keefe subsidiary, rallied 8 to 161p after revealing mid-term profits in excess of estimates.

Oils little change

Exco International firmed 10 to 525p; the fourth-quarter results from its Telerate subsidiary were released after the market close.

The continuing pressures on spot oil markets led to an initial decline in leading oil stocks, but the absence of any significant selling prompted a minor recovery which left most issues with minor changes in either direction. BP fell to 476p at the outset, but later rallied to 485p before closing a fraction harder on balance at 483p, while Shell were finally unaltered at 620p, after 613p. Ultramar staged a good rally and closed 7 to the good at 233p, after 221p.

Secondary issues were largely ignored. Century Oils held at 67p following the sharply lower interim profits, which were widely expected. Ireland's Oliver Prospecting dipped to 180p, but attracted support after-hours and closed a net 15 higher at 205p.

Golds lose ground

Mining market suffered substantial losses at the outset following the marked weakness of bullion in New York overnight. The metal price dipped to $331.20 in the U.S. and traded at around $332 for much of the day in London before picking up to close a net $3.25 lower at $333.75.

After an initial mark-down, South African Golds held relatively steady throughout the morning owing to buying from Johannesburg and a number of European centres. The subsequent rally in bullion encouraged a similar trend in Golds which ended the day above their lowest levels but still well down on balance. The Gold Mines index showed a 17.0 decline to 559.8, its first loss for five trading days.

South African Financials mirrored the performance of Golds. Gold Fields of South Africa dipped ⅜ to $12⅞. De Beers eased a couple of pence to 382p following news that Mr Harry Oppenheimer is to retire as chairman of De Beers at the end of the year to be succeeded by Mr Julian Ogilvy Thompson.

Australians took their lead from Sydney and Melbourne markets overnight which registered their biggest one-day decline for almost six months. Marked-down sharply initially, leading issues lost further ground on a general lack of interest but a number of the more speculative stocks continued to attract buying interest.

Hanson Trust continued to attract a lively Traded Option business with 435 calls struck, 269 of which were done in the popular December 280's, 3 up at 8p. Elsewhere, Beecham and Courtaulds recorded 215 and 290 calls respectively following their interim figures. Jaguar remained active with 413 calls struck, 223 in the December 200's, which advanced 5 to 20p. Put trading was dominated by Imperial Group with 571 contracts done, all in the February 160's. Total contracts yesterday amounted to 3,965.

FINANCIAL TIMES STOCK INDICES

	Nov. 27	Nov. 26	Nov. 23	Nov. 22	Nov. 21	Nov. 20	Year ago
Government Secs	83.00	83.06	82.94	82.91	82.62	83.04	82.98
Fixed Interest	86.05	86.08	86.02	86.12	86.04	86.28	86.00
Industrial Ord	925.3	922.1	910.3	909.9	918.7	912.8	746.7
Gold Mines	559.8	576.8	576.2	572.3	567.2	†561.0	546.0
Ord. Div. Yield	4.61	4.63	4.69	4.69	4.64	4.68	4.65
Earnings, Yld.% (full)	11.23	11.28	11.29	11.29	11.18	11.26	9.48
P/E Ratio (net) (*)	10.65	10.60	10.61	10.61	10.72	10.64	12.88
Total bargains (Est.)	17,481	19,918	21,880	19,226	22,240	20,199	20,488
Equity turnover £m.	—	271.9	279.41	313.62	310.75	218.36	216.5
Equity bargains	—	14,883	18,375	16,724	15,530	15,415	17,239
Shares traded (ml)	—	153.9	162.4	164.3	148.7	120.6	134.4

10 am 919.4. 11 am 921.5. Noon 924.1. 1 pm 924.7. 2 pm 924.7. 3 pm 925.1.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil = 10.24.

HIGHS AND LOWS

	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	83.77 (9/1)	75.72 (30/7)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.48 (14/5)	80.43 (30/7)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	926.3 (27/11)	755.3 (23/7)	925.3 (27/11/84)	49.4 (26/6/40)
Gold Mines	711.7 (9/3)	465.7 (1/8)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Nov. 26	Nov. 23
Daily Gilt Edged Bargains	161.5	139.6
Equities Bargains	102.9	119.1
Value	549.6	564.8
5-day Average Gilt Edged Bargains	150.4	151.3
Equities Bargains	104.9	105.6
Value	563.5	552.3

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (161)

BRITISH FUNDS (3)
AMERICANS (3)
CANADIANS (1)
BANKS (2)
BUILDINGS (5)
CHEMICALS (5)
STORES (12)
ELECTRICALS (10)
ENGINEERING (6)
FOODS (8)
HOTELS (6)
INDUSTRIALS (21)
INSURANCE (12)
LEISURE (2)
MOTORS (2)
NEWSPAPERS (5)
PAPER (7)
PROPERTY (22)
TEXTILES (3)
TRUSTS (24)
OILS (2)

NEW LOWS (11)

ELECTRICALS (1)
CPU Computers
ENGINEERING (1)
Danks Gowerton
INDUSTRIALS (2)
Bruntons (Muss.) Office Elect. Mach.
NEWSPAPERS (1)
Independent
OILS (6)
Bryson Oil & Gas, Ohio Resources, KCA Drilling, Pennine Resources, Monarch Petroleum, TR Energy

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ■ Allotment letters or fully-paid. ‖‖ Introduction. ✤ Unlisted Securities Market. § Placing price. T Figures assumed. †† Official London Listing. ‡‡ Dealt in under Rule 535(3).

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Nov 19	Nov 30	Feb 21	Mar 4
Dec 3	Dec 14	Mar 7	Mar 18
Dec 17	Jan 4	Mar 21	Apr 1

For rate indications see end of Share Information Service

Call options were transacted in Johnson Matthey, Carpets International, Scottish English and European Textiles, North Kalgurli, John Menzies, Berkeley and Hay Hill and M & G Group. No puts or doubles were reported.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	26	33	45
Corpns, Dom. and Foreign Bonds	2	23	50
Industrials	349	184	884
Fin. and Props.	224	35	283
Oils	10	41	74
Plantations	7	1	9
Mines	9	101	66
Others	31	93	69
Totals	658	511	1,480

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Bio-Isolates	46	+ 8
Chemical Methods	10	—
Comfort International	74	+ 7
ICI	672	+ 6
Land Securities	311	+ 8
MEPC	336	+10
Prince of Wales Hotels	115	—
Redman Heenan	8	—
Shell Transport	620	—
Stock Conversion	410	+ 7
Sumrie Clothes	70	+17
Ultramar	233	+ 7

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Mon. close	Day's change
Bat Inds	19	302	+25
Lucas Inds	13	278xd	+ 7
Brikat	12	258xd	+21½
ICI	12	666	+12
Imperial Group	12	173	+ 7
Acc Satellite N	11	192	+ 7
GEC	11	225	+ 5
Grand Met	11	300	− 5
STC	11	282	+16
Stg Guarantee	11	63	+ 4½
Wardle Strys N	11	170	+ 4
BTR	10	545	+ 9
Thorn EMI	10	488	+ 4
Polly Peck	9	248	+ 6

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

FIXED INTEREST

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS: 14,290

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls Jan.	Calls Apr.	Calls Jly.	Puts Jan.	Puts Apr.	Puts Jly.
B.P. (*485)	360	106	112	—	2	4	—
	420	75	83	—	3	6	—
	460	43	63	63	12	18	27
	500	18	28	35	28	35	43

Option		Calls Feb.	Calls May	Calls Aug.	Puts Feb.	Puts May	Puts Aug.
Imperial Gp. (*174)	140	38	41	—	2	4	—
	160	18	23	26	4	7	9
	180	8	11	16	12	16	18

Nov. 26. Total Contracts 3,965. Calls 2,485. Puts 1,507.

* Underlying security price.

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
105¾	101⁵⁄₁₆	Treas. 15pc 1985	101¼	-1/16	11.84	9.54
102¾	100	Exch. 12pc Cev. '85	100⅝	-1/16	11.93	9.88
97⅛	93⅛	Treas 3pc 1985	97	...	3.09	9.60
102⅝	99½	Treas 11½pc 1985	101	...	11.39	9.73
99¾	96⅞	Treas 8¼pc Cnv '85	99⅛	-1/16	8.82	9.80
104⅛	99⅝	Exch. 12¼pc 1985	102⅛	-1/16	11.99	9.85
103⅞	99⅛	Exch. 11¾pc '86	101⅞	-1/16	11.53	9.96
102⅛	96⅛	Treas. 10pc Cnv 1986	100⅛	...	9.99	9.92
92¾	88¾	Treas 3pc 1986	92¾	...	3.23	8.34
102	96¾	Exch. 10½pc Cv '86	100⅞	...	10.43	10.01
104⅛	99⅛	Treas 12pc 1986	102⅞xd	...	11.69	10.10
98¾	93½	Treas 8½pc 1984-86‡‡	97⅞	+⅛	8.69	9.97
108⅞	102⅛	Exch. 14pc 1986	106½	-⅛	13.15	10.16
88⅞	85	Exch. 2½pc 1986	88⅞xd	+1/16	2.81	8.77
107⅞	100⅞	Exch. 13¾pc 1987	105⅝	-⅛	12.57	10.34
100⅞	94½	Treas 10½pc Cv '87	99⅞	...	10.29	10.36
87⅛	83½	Exch 2½pc 1987	87⅛	+1/16	2.86	8.78
101⅛	94½	Exch. 10½pc 1987	100⅛	-⅛	10.48	10.39
92⅞	87	Funding 6½pc '85-87‡‡	92⅛	-1/16	7.03	10.04
99⅝	92⅞	Treas. 10pc 1987	99⅛xd	...	W10.10	10.45
85¾	81⅛	Treas 3pc 1987	85⅝	+⅛	3.50	9.29
105	97¾	Treas. 12pc 1987	103⅛	-⅛	11.59	10.54
94⅞	87⅛	Treas 7¾pc 1985-88‡‡	93¼	-1/16	8.31	10.27
100⅛	92⅞	Exch 10½pc '88	99⅛	-⅛	10.54	10.63
98⅛	89⅞	Treas 9¾pc Cv '88	97⅛xd	-1/16	10.04	10.74
82	77	Transport 3pc '78-88	80⅞xd	+1/16	3.71	9.58
96⅞	88⅛	Treas. 9½pc '88	96	-1/16	9.90	10.77
106¼	94⅞	Treas 11½pc 1989	102⅛	-⅛	11.27	10.84
96⅞	87⅞	Treas 9½pc Cnv. '89	96¼	...	9.87	10.58
99⅝	90⅞	Treas 10½pc 1989	99⅛xd	-1/16	10.60	10.78
100⅛	88⅝	Exch 10pc 1989	96⅞	+1/16	10.37	10.83
101⅛	94¼	Exch 11pc 1989	100⅞	...	10.94	10.81
85⅝	77½	Treas 5pc 1986-89	81⅛	+1/16	6.16	9.95

Five to Fifteen Years

1984 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
113¼	100⅛	Treas 13pc 1990‡‡	113½	...	11.96	10.73
110⅞	100¼	Exch. 12½pc 1990	108¼	+⅛	11.76	10.86
94⅛	84⅞	Treas 8¼pc 1987-90‡‡	91xd	...	9.03	10.34
98⅞	90⅝	Treas. 10pc Cv 1990	97⅛	-⅛	10.40	10.88
108¼	94¼	Treas 11¾pc 1991	108	-⅛	11.36	10.94
84⅛	75⅝	Funding 5¾pc '87-91‡‡	83	...	7.00	9.53
105¾	93⅞	Exch. 11pc 1991	101½	-⅛	10.95	10.89
113	98⅞	Treas 12¾pc 1992‡‡	112⅞	-⅛	11.77	11.00
100⅝	86	Treas 10pc 1992	98½	-⅛	10.44	10.83
101	94⅛	Treas 10½pc Cv 1992‡‡	100¼	-⅛	10.70	10.87
111⅛	95¼	Exch. 12¼pc '92	109⅝	...	11.56	11.07
117½	106½	Exch 13½pc 1992	114⅝	...	12.04	11.12
113¾	98¾	Treas 12½pc 1993‡‡	112¼	...	11.57	11.02
79⅝	71½	Funding 6pc 1993‡‡	79⅝	...	7.71	9.83
121¼	106¼	Treas 13¾pc 1993‡‡	115½xd	+⅛	11.93	11.02
126¼	108¾	Treas 14½pc 1994‡‡	123⅞	+⅛	12.05	10.94
120⅝	106	Exch 13½pc 1994	115⅝	...	11.85	11.07
114¼	96¾	Exch. 12½pc 1994	112	-⅛	11.51	11.02
94½	82⅞	Treas 9pc 1994‡‡	90¼xd	...	9.95	10.57
110⅝	94⅞	Treas 12pc 1995	109⅞	-⅛	11.35	11.03
64½	58¼	Gas 3pc '90-95	64¼	...	4.69	8.20
99⅝	86	Exch. 10¼pc 1995	99½	...	10.70	10.91
117⅞	102⅞	Treas 12¾pc 1995‡‡	111⅜xd	+⅛	11.44	10.93
123⅞	106⅞	Treas. 14pc '96	123¼	...	11.82	11.06
94⅛	83½	Treas 9pc 1992-96‡‡	91¼	...	10.01	10.54
134⅞	118¼	Treas 15¼pc 1996‡‡	127⅞	...	12.04	11.06
122⅝	106½	Exch 13¼pc 1996‡‡	115⅞xd	+⅛	11.49	10.87
69½	63¼	Redemption 3pc 1986-96	69¼	...	4.36	6.90
120¼	104½	Treas 13¼pc 1997‡‡	120⅜	...	11.47	10.87
104½	87¾	Exch 10½pc 1997	101¼	...	10.67	10.72
92½	77½	Treas 8¾pc 1997‡‡	89⅝	+⅛	10.03	10.58
134¼	112¼	Exch. 15pc 1997	127⅝	...	11.88	11.11
97½	84½	Exch. 9¾pc 1998	97¼	-⅛	10.40	10.63
20⅞	19⅞	Exch 9¾pc '98A (20pd)#	20½	-1/16	10.38	10.62
78	65	Treas 6¾pc 1995-98‡‡	74½	...	9.09	10.36
138¼	123⅞	Treas. 15½pc '98‡‡	134	...	11.79	11.00
115	100¼	Exch. 12pc 1998	108¾xd	...	11.06	10.81
96½	83⅞	Treas 9½pc 1999‡‡	96⅛	...	10.26	10.51
116¼	104	Exch. 12¼pc 1999	112⅞	...	11.06	10.76
104½	91	Treas. 10½pc 1999	99⅜xd	-⅛	10.59	10.62
102½	89¼	Convers'n 10¼pc 1999	97⅝xd	...	10.52	10.59

Over Fifteen Years

1984 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
122⅝	106⅛	Treas. 13pc 2000	122	...	11.10	10.72
128½	112¼	Treas. 14pc '98-01	121⅝xd	...	11.53	10.94
114¼	98⅝	Exch. 12pc '99-02	113⅝	...	10.96	10.68
100	90	Conv. 10pc 2002	99½	...	10.18	10.22
128⅝	110¾	Treas. 13¾pc 2000-03	127½	...	11.20	10.71
114⅞	101½	Treas. 11½pc 2001-04	110¼	...	10.59	10.40
50¾	43¼	Funding 3½pc '99-04	50½	...	7.13	9.10
123⅝	107⅝	Treas. 12½pc 2003-05	117⅝xd	...	10.63	10.35
87⅛	76⅞	Treas. 8pc 2002-06‡‡	84⅛	+⅛	9.57	9.84
116½	100	Treas. 11¾pc 2003-07	115⅞	...	10.52	10.30
132⅛	117⅝	Treas. 13½pc '04-08	128⅛	...	10.71	10.35
64⅞	56¼	Treas. 5½pc 2008-12‡‡	63¼	+⅛	8.87	9.35
84⅞	72¾	Treas. 7¾pc 2012-15‡‡	84⅛	+⅛	9.50	9.62
124⅝	108⅞	Exch. 12pc '13-'17	119¾xd	+⅛	9.98	9.88

Undated

[illegible]

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[illegible]

MINES—Continued

Central African

1984 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
280	145	Falcon Z50c	150		Q100c	♦	38.9
17	8	Wankie Col Z$1	9½	..	—	—	—
21	14	Zam.Cpr.SBD0.24	14½	..	—	—	—

Australians

1984 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
55	23	♥ACM 50c	52	−3	—	—	—
38	17	♥Allstate Expl'n. NL	32	−1	—	—	—
10½	3½	♥Asia Oil & Minerals	4¼		—	—	—
20	12	♥Aust. Hydrocarbons NL	20	...	♦	—	—
28	13½	♥Australis Mng N.L.	14½	−½	—	—	—
45	15	♥Balmoral Res.	19	+1	—	—	—
36	18	♥Black Hill Mins	22	−1	—	—	—
122	77	♥Bond Corp	117	−5	Q10c	♦	6.2
177	90	♥Bougainville 1 Kina	123	−5	†Q16.4c	1.2	‡
406	276	♥CRA $2	358	−10	†Q12c	1.5	2.3
86	44	♥Carr Boyd 20c	68	−2	—	—	—
40	18	♥Central Kalgoorlie	26	..	—	—	—
43	20	♥Central Pacific	32	..	—	—	—
4¼	2½	♥Cons Gld Mg Areas NL	3¼	−¼	—	—	—
8½	4¼	♥Coopers Res. NL	6	−½	—	—	—
26	8½	♥Cultus Pac NL	9	−¼	—	—	—
14½	6½	♥Eagle Corp 10c	7		—	—	—
280	160	♥Emperor Mines	192	−3	—	—	—
16½	7½	♥Endeavour 20c	13	+2¼	—	—	—
32	22	♥Enterprise Gld	29	..	—	—	—
35	18	♥Forsayth Oil Gas	24	−1	—	—	—
62	52	♥Gem Exp & Minerals	58	−2	—	—	—
765	355	♥GM Kalgoorlie 25c	450	−15	Q30c	♦	4.7
24½	13	♥Great Eastern Mns.	16½	−½	—	—	—
55	19	♥Great Victoria Gold	38	−2	—	—	—
18	7	♥HMC Aust NL 20c	7	−½	—	—	—
22	8½	♥Haoma NW	11½	−1½	—	—	—
40	20	♥Hill Minerals N.L.	30	−1	—	—	—

[illegible]

Tins

[illegible]

Miscellaneous

1984 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
[illegible]							
75	32	♥Anglo Utd. Dev.	36	..	—	—	—
370	210	♥Centennial Min'ls.	300	..	—	—	—
175	80	♥Colby Res Corp	85		—	—	—
955	550	Cons. Murch. 10c	675	...	†Q100c	1.4	6.5
36	25	‡Ennex Int. Ir10p	31	..	—	—	—
252	160	Hampton Areas 10p	172	−3	3.75	2.1	2.9
225	140	♥Highwood Res.	190	−10	—	—	—
£24½	£16	Homestake Mining $1	£20½	−1	Q20c	—	0.5
235	135	♥McFinley Red Lake	220	...	—	—	—
240	101	♥Mustn Explorations	200	+5	—	—	—
55	23	♥New Sabina Res C$1	28	−2	—	—	—
365	220	Northgate C$1	300	−5	—	—	—
718	500	RTZ	620	−7	†19.0	2.7	4.1
£155½	£113½	Do. 9½pcLn '95-2000	£137	.	Q9½%	35.4	7.1
£11¼	850	♥Tara Expln $1	910	−15	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- ●+ Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ● Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a)
- ‡ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency

Albany Inv 20p	86	..	Arnott	255	−5
Craig & Rose £1	£11xd	.	CPI Hldgs	54	..
Finlay Pkg. 5p	42	.	Carroll Inds.	119	−1
Higsons Brew	85xd	..	Dublin Gas.	65	..
Holt (Jos) 25p	890	.	Hall (R. & H.)	38	
IoM Stm £1	107	...	Heiton Hldgs.	15	..
IRISH			Irish Ropes	35	..
Exch. 12% 1985	£98⅞	..	Jacob (W.& R.)	65	
Nat. 9¼% 84/89	£89¼	−⅛	TMG	47	..
Fin. 13% 97/02	£87⅞	−⅞	Unidare	80	...

OPTIONS — 3-month call rates

Industrials	p		p		p
Allied-Lyons	15	Hawker Sidd	38	Vickers	18
BOC Grp	24	Hse of Fraser	28	Woolworth Hldg	50
BSR	15	ICI	50		
Babcock	13	'Imps'	14	**Property**	
Barclays Bank	42	Jaguar	18	Brit Land	14
Beecham	30	Ladbroke	20	Cap Counties	18
Blue Circle	46	Legal & Gen	42	Land Secs	24
Boots	19	Lex Service	32	MEPC	30
Bowaters	16	Lloyds Bank	42	Peachey	24
Brit Aerospace	34	'Lois'	1¼	Samuel Props	14
BAT	22	Lucas Inds	24	Sterling Guar.	5¼
Brown (J.)	3	'Mams'	14		
Burton Ord	32	Marks & Spcr	10	**Oils**	
Cadburys	14	Midland Bk	33	Brit. Oil & Min	4½
Comm Union	15	NEI	9	Brit Petroleum	38
Courtaulds	11	Nat West Bk	54	Burmah Oil	19
Debenhams	19	P & O Dfd	24	Charterhall	6
Distillers	24	Plessey	20	Premier	6
Dunlop	5	Racal Elect	24	Shell	55
FNFC	7	RHM	10	Tricentrol	22
Gen Accident	42	Rank Org Ord	24	Ultramar	22
Gen Electric	20	Reed Intnl	50		
Glaxo	90	Sears	7	**Mines**	
Grand Met	26	TI	18	Charter Cons	21
GUS 'A'	55	Tesco	8	Cons Gold	42
Guardian	58	Thorn EMI	42	Lonrho	14
GKN	16	Trust Houses	12	Rio T Zinc	60
Hanson Tst.	22	Turner Newall	9		
		Unilever	80		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 27

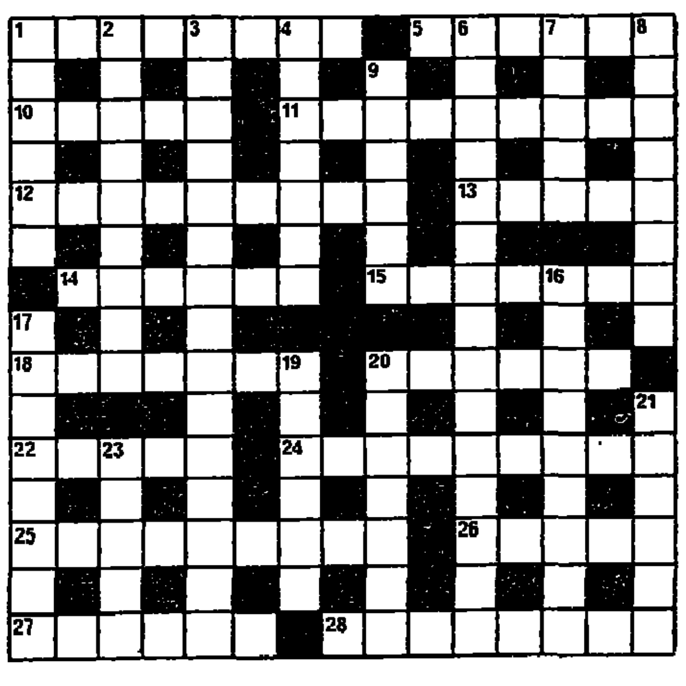
This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,581



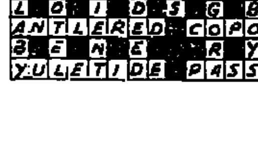
ACROSS

1 Finished that classic sweetmeat (8)
5 Stable for resting (6)
10 Look to commercials for definite quantities (5)
11 Phoebus, he "that —— knight so fair" (Henry IV) (9)
12 It may lead you to a different post (9)
13 Girl not disheartened with result (5)
14 Gin cocktail in clique creates impression (6)
15 Boy intended we hear to get clothing (7)
18 Get together in crease (7)
20 Trains one youngster to return to a suite (6)
22 Dealer loses his head obtaining a basket (5)
24 Oriental people accept scholar emerging (9)
25 He may drive without a licence (9)
26 Modify some legal terminology (5)
27 Former wife wrong to gain by compulsion (8)
28 Edison converted journalist to be unilateral (3-5)

DOWN

1 Friend with hat looks wan (6)
2 To begin with, fish is astonishing (9)
3 He may take risks when in office (9, 6)
4 Annual book was till rewritten (3-4)
6 Jonson's imp shows idiocy (3, 5, 2, 2, 3)
7 Entrails are rubbish (5)
8 I get coat altered, then think it over! (8)
9 The plans were to include a solution (6)
16 Wasted ace made it difficult (9)
17 Mixed four—each becoming shy (8)
19 Deal with your first formal agreement (6)
20 Fair ban displaced Nigerian (7)
21 Kept the other half awake? (6)
23 The last three of 6 (5)

Solution to Puzzle No. 5,580



INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Wren Commodity Management Ltd
10, St George's St, Douglas, IoM. 0624 25015

Wren Com Fd	12.8	13.3	....	3.10
Chinese Fd	59.9	62.4	....	1.70
PrecMedFd	122.7	127.8	....	8.30
VangCmdyFd	25.8	26.5	....	—
FinFuturesFd	32.4	33.8	....	—

Yamaichi Dynamic Mngt Co SA
10a Boulevard Royal, Luxembourg
Dynmc Gth Fd $9.28 −0.14 —

Money Market Trust Funds

	Nom	Apr	Int Cr	Notice
Mallinhall Ltd				
36 Berkeley Sq, W1X 5DA.			01-499 6634	
M'hallMnyFd	9.125	9.442	Qtr	Call
The Money Market Trust				
63 Qn Victoria St, EC4N 4ST.			01-236 0952	
Call Fund	9.15	9.39	6mth	Call
7-day Fund	9.69	9.96	6mth	7-day
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE			01-236 1425	
Call Fund	8.93	9.12	6mth	Call
7-day Fund	8.93	9 12	6mth	7-day
MnyMngAc	8.875	9.175	3mth	Call
Dollar	7.62	7 76	6mth	2-day

Money Market Bank Accounts

	Nom	Apr	Int Cr	Notice
Aitken Hume				
30 City Road, EC1Y 2AY.			01-638 6070	
TreasuryAcc	9.625	9.98	Qtr	Call
Mth Int Chq	9.625	10.06	Mth	Call
Bank of Scotland				
38 Threadneedle St, EC2P 2EH.			01-628 8060	
Cheque Acc	9.45	9.87	Mth	Call
Barclays Prime Account				
PO Box 125, Northampton.			0604 252891	
High Int Chq	9.25	9.57	Qtr	Call
Britannia Grp of Investment Companies				
29 Finsbury Circ, EC2M 5QL			01 588 2777	
Cater Allen	9.50	9.930	Mth	Call
Charterhouse Japhet plc				
1 Paternoster Row, EC4M 7DH.			01-248 3999	
Sterling	9.50	9.92	Mth	Call
U.S. Dollar	8.50	9.96	Mth	Call
German Marks	5.0	5.14	Mth	Call
Swiss Franc	2 0	5.19	Mth	Call
Japanese Yen	5.0	5.19	Mth	Call
Choulartons				
30 Ashley Rd, Altrincham, Cheshire, WA1 2DW.			061-928 9011	
Cheque Acc	10.25	10.75	Mth	Call
Co-operative Bank				
78-80 Cornhill EC3.			01-626 6543 Ext 464	
Cheque&Save	8.00	8.24	Qtr	Call
Over£1,000	10.00	10.38	Qtr	Call
Dartington & Co Ltd				
Dartington, Totnes, Devon, TQ9 6JE.			0803 862271	
MnyMktAcc	10.25	10.66	Qtr	Call
Lombard North Central plc				
17 Bruton St, W1A 3DH.			01-409 3434	
Notice Dep	9.875	10.12	Rate	14-day
M & G Kleinwort Benson				
91-99 New London Rd, Chelmsford.			0245 51651	
HighInChqAc	9.26	9.70	Daily	Call
Midland Bank plc				
PO Box 2, Sheffield			0742 20999 Ext 8738	
High Int Chq	9.50	9.84	Qtr	Call
Save & Prosper/Robert Fleming				
28 Western Rd, Romford, RM1 3LB.			0708 66966	
HighIntMktAc	8.89	9.30	Daily	Call
Premier Acc	8.89	9.30	Daily	Call
Tyndall & Co				
29-33 Princess Victoria St, Bristol BS8 4BX			0272 732241	
Demand Acc	9.33	9.67	Qtr	Call
Money Acc	9.625	9.98	Qtr	Chq/7
J. Henry Schroder Wagg & Co Ltd				
Enterprise House, Portsmouth.			0705 827733	
Special Acc	9.60	10.03	Mth	Call
Over £10,000	9.85	10.30	Mth	Call

NOTES—Interest rates given both as a nominal rate and as annual percentage rate adjusted for frequency of interest credit.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered prices includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. § Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ⊙ Yield column shows annualised rates of NAV increase.

COMMODITIES AND AGRICULTURE

Lead prices fall as strike ends

BY JOHN EDWARDS, COMMODITIES EDITOR

LEAD PRICES fell on the London Metal Exchange yesterday after news that strikers at Asarco's Glover smelter in Missouri had voted to return to work. Cash lead lost £11 to £353 a tonne and the three months quotation closed £8 lower at £338.5.

The settlement came as some surprise because the union had recommended continuing the stoppage, which started on October 1. It triggered speculation that other workers on the Missouri lead belt at St Joe Resources and Amax may decide to go back, too.

They have been on strike since April and June respectively. St Joe announced on Monday that negotiations to end the eight-month strike at its plants in Missouri would resume next week.

Asarco said yesterday it planned to resume full production next week at its Glover refinery, which has been operating at a reduced level using accumulated lead bullion stocks. It said it hoped shortly to lift the force majeure declaration on contracted deliveries when shipments return to normal.

This should eventually help to relieve the shortage of supplies that has been the main influence sustaining lead prices, especially if the other Missouri lead strikes end swiftly.

The shortage of supplies available to the London Metal Exchange market, however, is mainly concentrated in the next month and any rise in U.S. output will come too late to influence the threatened "squeeze" in December.

So the cash price premium over forward delivery dates is likely to remain for some weeks and may even widen briefly.

Meanwhile, copper prices advanced strongly yesterday to new 15-month high levels. The market opened shakily but gained ground in the afternoon when New York prices were up more than expected.

Other base metals failed to follow the trend in copper. Aluminium, nickel and zinc all lost ground.

Malaysia seeks change in rubber pact

MALAYSIA WANTS a clause enabling rubber producers to regulate production according to market needs to be included in the new International Natural Rubber Agreement, Mr Paul Leong, Primary Industries Minister said, Reuter reports.

It will press for the provision as an additional price stabilisation measure to the existing buffer stock mechanism when the five-year-old agreement is renegotiated in Geneva in April.

Mr Leong said the clause would allow production according to demand and supply forces, avoiding overproduction and keeping prices at fair levels.

● SOVIET UNION is believed to have bought about 1m tonnes of Argentine bread wheat for December and January shipment in the past few weeks.

The reported sales tally with wheat export registrations at the National Grain Board showing 1.4m tonnes of wheat sold so far. The remaining 400,000 tonnes were sold to Brazil, according to grain trade sources.

● U.S. COTTON stocks could reach 4.8m bales (each 480 lb) by the end of this season (July 31 next year) and could rise even further in the 1985-86 season, the U.S. Agriculture Department reported.

It said the rise in stocks comes in spite of acreage reduction programmes this year and next, and results from record yields this year and declines in both mill use and exports.

● JAPAN is preparing to extend legislation to curb unethical activities of Japanese commodity brokers dealing on U.S. and British futures markets.

International Trade and Industry Ministry officials said an extension of the law was planned but declined to give details. Legislation passed in January last year covers trading in gold, soyabeans and sugar on the Hong Kong Commodity Exchange and in gold on the Chinese Gold and Silver Exchange Society in Hong Kong.

Kenyan tea production recovers after rain

BY PATTI WALDMEIR IN NAIROBI

HEAVY, WELL distributed rains last month and this have led to a significant recovery in Kenya's tea production following the drought which hit tea-producing areas east of the Rift Valley this year.

According to Tea Board of Kenya forecasts production this year should reach 113m kg, 5.5 per cent down on that of last year's record 119.7m kg but well above the 100m kg forecast made before the short rainy season in October. Production in 1982 was 96m kg.

Increased production on small holder plots east of the Rift Valley is responsible for most of the expected rise in output.

Some 145,000 smallholder farmers produce about 40 per cent of Kenya's total crop. Last year smallholder production reached a record 50m kg—25 per cent up on 1982. Internal consumption of tea is estimated at about 15m kg this year.

Firm tea prices—averaging 40 Kenya shillings (217p) per kg this year, more than twice the 1982 average—have also raised incentives to farmers.

Foreign exchange revenues from this year's large crop are badly needed to help Kenya meet an estimated $170m to $200m (£140m to £165m) bill for imported food to relieve the impact of the prolonged drought.

● LONDON—The average price of all tea sold at auction on Monday rose slightly to 279.92p per kilo after being 276.32p last week, according to figures issued yesterday by the Tea Brokers' Association of London, Reuter reports.

Traditional U.S. farm faces fade-out

BY NANCY DUNNE IN WASHINGTON

COUNTRY, ONE of the more critically acclaimed U.S. films of this season, tells a poignant tale of a typical U.S. farm family who for survival are battling not the natural elements but the Government and the agricultural economy. Ten years from now the film may stand as an historic relic of a bygone U.S. institution.

From many sources, reports and interviews, including a recent eight-volume study, project 1995, produced by the Farm Credit System, the traditional U.S. farm emerges as an ailing anachronism, just a few years away from death.

Analysts say the "new farm" will emerge from the ashes—vast, computerised, robotised, operated by professional business people adept in marketing, financing and adapting new technologies.

'Robots will appear'

The farm-lenders' study says: "Computers will be commonplace on farms by 1995 and will move beyond narrow bookkeeping and planning use.

"In the future, integrated, specialised computers will be dedicated to monitoring and controlling feeders, tractors, planters, heating, cooling and ventilation systems, and to capturing data from the farm and accessing information from off-farm services.

"Robots will begin to appear as replacements in routine labour-intensive jobs."

Muffled in the lenders' study is the pain of the vanquished—the over-extended owners of thousands of medium-sized farms, producing $40,000 (£33,305) to $100,000 (£83,264) in annual sales.

The report says "Those farmers who are trying to make their living from farming but are not economically viable will continue to experience problems." The total number of farms would decline by about 1 per cent a year through to 1995.

It says net income over the next decade will lag behind that of the 1970s, and financial exposure for some farmers will rise as will pressure on liquidity and incomes.

Struggling farmers are unlikely to obtain any relief from next year's Farm Bill, now being prepared by the Reagan Administration for Congress early next year.

Mr John Block, the Agriculture Secretary, who is expected to remain in office in the second Reagan term, has been formulating this positions aloud all year and lining up support among the more conservative farm groups.

He says the overwhelming vote for President Ronald Reagan in the recent presidential election—an estimated 75 per cent among farmers—has given the Administration a mandate to proceed with its policies.

Exports damaged

The farm budget is one of the few areas of government Mr Reagan did not promise not to cut and it will be a prime target in efforts to cut the growing deficit.

Though Administration policy planners have yet to present recommendations to the President, indications are that they may recommend a long-term programme, in place of the usual schemes which must be renewed and haggled over every four years.

In speeches, Mr Block has said: "One of the major shortcomings of farm policy has been our tendency to allow the current situation or recent events to dictate policies for the longer term."

The programme, now in place, was written at a time of high inflation and contains escalating price supports. Mr Block contends that these have nudged U.S. commodity prices above the world price and damaged exports.

He wants policies to ensure that the farm "feels the market," that is to say, lower price supports, and a programme sufficiently flexible to adjust to market conditions.

'Bloodbath'

He said: "We cannot continue to operate a farm programme with incentive to overproduce, both here and abroad, while the Government shoulders the entire burden of the overproduction."

Where the Administration would wield the knife is not yet clear. Nor is it at all certain that Congress will allow it.

Mr David Senter, Washington representative of the U.S. agricultural movement, said of the coming confrontation between the White House and agricultural legislators: "It will be a bloodbath."

Officials of the U.S. Department of Agriculture have talked about several farm policy options, including a cap on total farm programme expenditures, lower target prices which set subsidies, lower loan rates and a cap on the farmer-owned reserve. Mr Block has been quoted as saying there will be an end to paid land diversion.

All, in and out of the Administration, want to increase exports. U.S. Wheat Associates has released a study by Abel, Daft & Early, the much-respected Washington consultants. This offers a set of marketing approaches for 20 countries which have the potential to increase their wheat purchases.

The report recommends a mix of export programmes, including credit schemes, which it says could add an additional 180m bushels to U.S. exports annually and cut excess wheat stocks by 36 per cent over five years.

Congress may be particularly amenable to an expansion of export credit; even subsidised credit, if the U.S. and the EEC fail to reach an agreement on its limitation in talks next year under the General Agreement for Tariffs and Trade.

With global grain stocks high and competition keen among the world's grain-producers, exports are unlikely to provide immediate relief for the U.S. farm economy.

Expensive programmes like the controversial 1983 payment-in-kind scheme are out of the question, considering current budget constraints.

No matter what the mix of loan rates, subsidies, credits, reserve caps, land set-asides, the movement towards large corporate, state-of-the-art farming would seem to be unstoppable.

'Strategic' metals trading subdued

TRADING IN the specialised "strategic" metals has remained subdued in spite of the increased activity in the major base metal markets recently. Antimony, bismuth, cadmium and tungsten-ore prices are slightly easier. There were marginal gains for cobalt and molybdenum.

All prices as supplied by Metal Bulletin:

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse 3,275-3,400

BISMUTH: European free market, min 99.99 per cent; $ per pound, tonne lots in warehouse 6.30-6.45

CADMIUM: European free market, min 99.95 per cent, $ per pound, in warehouse, ingots 1.14-1.19; sticks 1.15-1.20

COBALT: European free market, 99.5 per cent, $ per pound, in warehouse 11.45-11.60

MERCURY: European free market, 99.99 per cent, $ per flask, in warehouse 303-310

MOLYBDENUM: European free market, drummed molybdic oxide, $ per pound Mo, in warehouse 3.05-3.15

SELENIUM: European free market, min 99.5 per cent, $ per pound, in warehouse 9.30-9.75

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit WO_3 cif 75-80

VANADIUM: European free market, min 98 per cent V_2O_5, other sources, $ per pound V_2O_5, cif 2.00-2.10

Producer list price for selected metals as recorded in Metal Bulletin:

BISMUTH: UK: MCP-Peko, 99.99 per cent, $ per pound, tonne lots, ex-warehouse 6.50

COBALT: World, Zaire, Sozacom, $ per pound 12.50

NICKEL: World, Inco, melting grade, $ per pound, cif Far East and America, delivered rest of world 3.20

URANIUM: Nuexco exchange value, $ per pound U_3O_8 16.00

VANADIUM: Highveld fused min 98 per cent V_2O_5, $ per pound V_2O_5, cif 2.41

ZINC: GOB producer basis, $ per tonne 900

Milk board will co-operate in Dairy Crest inquiry

BY ANDREW GOWERS

THE MILK Marketing Board has promised to co-operate with independent management consultants investigating the operation of Dairy Crest, its commercial subsidiary.

In an editorial in Milk Producer, its monthly journal, the board said: "Any such investigation must under no circumstances reveal any commercially-sensitive information to Dairy Crests' competitors in the dairy trade"

Mr Michael Jopling, the Agriculture Minister, is expected to announce an investigation into Dairy Crest this week. Commercial dairy companies such as Express Dairy and Unigate allege that Dairy Crest is an unfair competitor.

Agreement on the terms of reference for the inquiry, to be conducted early next year, was reached last week at talks between the Dairy Trade Federation, the ministry and the board.

They also agreed on a formal procedure in which the federation can air its grievances against the board.

The board, for the first time commenting in detail on its dispute with the dairy trade, said it would be pleased to consult the federation on any issue not already covered by the joint-committee agreement procedure, to the extent that such issues may affect buyers'

It added: "They will also, of course, co-operate with Government—and any independent consultant appointed by Government—in helping to ensure that Dairy Crest's operations are indeed being carried on under a separate system of financial management and administration, so as to place them as far as practicable on an equal footing with the activities of independent commercial undertakings."

LONDON MARKETS

IN THE ABSENCE of hard news, and with currency values fluctuating, technical considerations were the main influence on most London markets yesterday.

The spot (November) position on the London coffee futures market was down sharply again, on forecasts that there would be adequate supplies available to relieve the recent "squeeze" that drove it to a premium. November lost £63 and ended the day just above the January delivery position.

Reports of increased shipments by producers also brought an easier trend in Cocoa, though there are still fears of a new supply shortage affecting the December delivery position.

MAIN PRICE CHANGES

In tonnes unless otherwise stated

	Nov. 27 1984	+ or −	Month ago
METALS			
Aluminium	£1100		£1100
Free Mkt.	$1190/1215	−10	$1190/1180
Copper			
Cash h Grade	£1128.75	+11.75	£1078.5
3 mths.	£1143.75	+11.5	£1090.25
Gold troy oz	$333.75	−3.25	$336
Lead Cash	£353	−11	£351.5
3 mths.	£338.5	−8	£341.5
Nickel	£3967		£3868
Free Mkt.	211/221c	−2	217/227c
Palladium oz	$149.50	−1.25	$150.25
Platinum oz	$321.25	−3.5	$319.75
Quick Silver†	$295/305		$305/315
Silver troy oz	610.50p	−8.25	594.60p
3 mths.	634.70p	−5.50	606.70p
Tin cash	£9777.5	+5	£9800
3 mths.	£9762.5	−7	£9787.5
Tungsten	$83.34		$85.16
Wolfram 22.04lb	$77/79		$82/85
Zinc	£656	−5	£655
3 mths.	£638.5	−5	£636
Producers	$900		$900
OILS			
Coconut (Phil)	$972.5w		$1250
Palm Malayan	$615v		$605
Seeds			
Copra Phil	$540y		$700
Soyabean (U.S.)	$249.5z	+0.25	$256.75
GRAINS			
Barley Fut. Mar	£113.75	+0.25	£110.80
Maize	£145.00w		‡
Wheat Fut. Mar	£113.90	+0.10	£111.30
No2 Hard Wint.			‡
OTHERS			
Cocoa Ft. Dec	£1892.5	+12.5	£1951
Coffee Ft. Nov	£2291	−63	£2359.5
Cotton A Index	72.45c	+0.40	74.75c
Gas Oil Jan.	$224.25	−3.25	$226
Rubber (kilo)	58.5p		60p
Sugar (raw)	$106vx	−1	$118
Woolt'ps 64s	472p kilo		466pkl

† Unquoted. v Jan; z Dec. y Jan-Feb. x Dec-Jan. w Nov-Dec. ‡ Per 75-lb flask. n Nominal. c Cents per pound.

INDICES

FINANCIAL TIMES

Nov. 26	Nov. 23	M'th ago	Year ago
291.70	293.26	292.38	288.57

(Base: July 1 1952 = 100)

REUTERS

Nov. 27	Nov. 27	M'th ago	Year ago
1863.0	1861.8	1898.1	1937.9

(Base: September 18 1931 = 100)

MOODY'S

Nov. 16	Nov. 7	M'th ago	Year ago
983.4	966.0	960.8	1008.9

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	Nov. 16	Nov. 7	Month ago	Year ago
Spot	—	126.25	124.3	134.43
Fut	128.94	130.15	125.95	140.79

(Base: December 31 1974 = 100)

COPPER

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grde	£	£	£	£
Cash	1109.5-8.5	+8.5	1128.5-9	+11.7
3 months	1123.5-4.5	+8.75	1143.5-4	+11
Settlem't	1109.5	+8.5	—	
Cathodes				
Cash	1117-8	+5	1134-5	+13.5
3 months	1135-7	+5.75	1153-6	+12.7
Settlem't	1118	+5	—	

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £1108, three months £1128.5, 29, 29.5, 29, 28.5, 28, 28.5, 29. Cathodes: Cash £1118, three months £1136.5. Kerb: Three months £1129.5, 30, 30.5. Afternoon: Higher Grade: three months £1140, 39, 40, 40.5, 41, 40.5, 40, 39.5, 39, 39.5, 42.5, 43, 43.5, 44. Cathodes: Three months £1153. Kerb: Higher Grade: Three months £1142, 41.5, 41, 40, 41, 40.5, 40, 39.5. Turnover: 28,050 tonnes. U.S. Producers: 64-68 cents per pound.

LEAD

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −
Cash	357-8	−4.25	352-4	−11
3 months	339.5-40.5	−4.5	338-9	−8
Settlem't	358	−4	—	

Lead—Morning: Cash £356, three months £340, 41, 40, 39, 40. Kerb: Three months £340, 40.5. Afternoon: Three months £342, 41, 40.5, 40, 39, 38, 39. Kerb: Three months £337, 36, 36.5, 36, 36.5, 34.5, 34. Turnover: 25,300 tonnes. U.S. Spot: 26-28 cents per pound.

TIN

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grade	£	£	£	£
Cash	9805-10	−7	9815-25	+5.5
3 months	9800-10	+7	9800-10	−5
Settlem't	9810			
Standard				
Cash	9770-5	−5	9775-80	+5
3 months	9764-5	−5	9760-5	−7
Settlem't	9775	−5		
Straits E.	$29.15			

Tin—Morning: Standard: Cash £9773, 75, three months £9765, 70, 65, 60, 65. High Grade: Cash £9810, 05, three months £9805. Kerb: Three months £9760. Afternoon: Standard: Cash £9780, three months £9765. High Grade: Three months £9810. Kerb: Standard: Three months £9765, 65. Turnover: 1,065 tonnes.

ZINC

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −
Cash	655-6	−5.25	655.5-6.5	−5
3 months	638-9	−5.25	638-9	−5
Settlem't	656	−5	—	

Zinc—HIGH GRADE OFFICIAL/UNOFFICIAL PRICES: Cash am £653-£656, pm £653-£656. Three months am £683-£687, pm £683-£685; settlement £656. Three months £637, 37.5, 38, 38.5, 38. Kerb: Three months £637, 36, 36.5. Afternoon: Three months £637, 38, 38.5, 38. Kerb: Three months £638, 37, 36.5, 36, 35, 34, 33.5, 34, 34.5. Turnover: 11,875 tonnes. U.S. Prime Western: 45.00-45.75 cents per pound.

ALUMINIUM

Alumin'm	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Spot	941.5-2.5	−3.25	942.5-3.5	−7.5
3 months	966-.5	−9	967-.5	−7.5

Aluminium—Morning: Three months £966, 65.5, 66, 67, 66.5, 66, 66.5, 67, 67.5, 67, 66.5. Kerb: Three months £966. Afternoon: Cash £942, three months £966, 67.5, 67, 66.5, 66, 66.5, 67, 67.5. Kerb: Three months £968, 67, 66.5, 67, 67.5, 68, 69, 69.5. Turnover: 16,675 tonnes.

NICKEL

NICKEL	a.m. Official	+ or −	p.m. Unofficial	+ or −
Spot	3890-5	−55	3900-5	−45
3 months	3955-60	−51.5	3966-7	−44.5

Nickel—Morning: Three months £4000, 3995, 90, 93, 90, 85. Kerb: Three months £3965. Afternoon: Three months £3965, 60, 67. Kerb: Three months £3967, 60. Turnover: 7,374 tonnes.

GOLD

Gold fell $3¼ an ounce from Monday's close in the London bullion market yesterday to finish at $333¾-334. The metal opened at the same level and traded between a high of $334-334½ and a low of $332-332½. Trading volume was relatively high with early liquidation of long positions countered by renewed demand at the day's low levels.

In Frankfurt the 12½ kilo bar was fixed at DM 32,810 per kilo ($330.34 per ounce) previously and closed at $333-333½ from $336-337.

In Paris the 12½ kilo bar was fixed at FFr 100,600 per kilo ($333.76 per ounce) in the afternoon compared with FFr 100,600 ($334.25) in the morning and FFr 102,000 ($338.49) on Monday afternoon.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar was $339.20 from $339.20.

In Zurich gold finished at $333-333¾ from $337-337½.

LONDON FUTURES

Month	Yest'days close	+ or −	Business Done
	$ per troy ounce		
Dec.	336.50-36.60	−4.15	338.50-33.50
Feb.	336.15-36.20		338.50-37.70
April	345.90-46.00	−4.40	345.90

Turnover: 231 (272) lots of 100 troy ounces.

Gold Bullion (fine ounce) Nov. 27

Close	$333¾-334	(£277-277½)
Opening	$335½-336	(£279½-279¾)
Morning fixing	$335.35	(£279.708)
Afternoon fixing	$332.90	(£276.806)

SILVER

Silver was fixed 8.25p an ounce lower for spot delivery in the London bullion market yesterday at 610.5p. U.S. cent equivalents of the fixing levels were: spot 737.5c, down 7.5c; three-month 754c, down 7.5c; six-month 772.4c, down 7.1c; and 12-month 810.1c, down 5.3c. The metal opened at 612-615p (737-740c) and closed at 607-610p (734-737c).

SILVER per troy oz	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	610.50p	−8.25	607p	−14.8
3 months	634.70p	−5.5	631.75p	−14.7
6 months	659.95p	−8.6		
12months	698.35p	−8.25		

LME—Turnover 2 (2,000 oz contract): Cash 607p (621.5p); three months 621.75p (636.5p). Turnover: 0 (0). Turnover: 101 (89) lots of 10,000 oz. Morning: Large 1st ring three months 625, 2nd ring cash 610, three months 624.5. Kerb: Untraded. Afternoon: Large 1st ring three months 622.5, 2nd ring three months 622.5, 22. Kerb: Large three months 622.5.

COCOA

During a relatively quiet day futures moved over a narrow range before closing marginally lower. Although producers were withdrawn there was again good interest from consumers and second-hand business was active, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or −	Business Done
	£ per tonne		
Nov.	1800-2500		
Dec.	1892-1893	−4.5	1910-1885
March	1834-1835	−2.0	1847-1831
May	1833-1835	−4.0	1845-1832
July	1835-1836	−4.5	1840-1832
Sept	1780-1795	−12.0	1786-1780
Dec	1750-1810	−15.0	—

Sales: 2,340 (2,992) lots of 10 tonnes. ICCO indicator prices (U.S. cents per pound). Daily price for November 26: 97.36 (98.10); five-day average for November 27: 98.31 (98.35).

COFFEE

During a quiet opening the market traded £10-£13 higher, reports Drexel Burnham Lambert. However, values gradually drifted lower on commission house selling. A fairly active afternoon saw nearby contracts under further pressure and values closed on a weak note around the daily lows.

COFFEE	Yesterday's Close	+ or −	Business Done
	£ per tonne		
Nov.	2290-00	−63.0	2357-90
January	2390-92	−28.5	2385-90
March	2238-40	−14.5	2256-35
May	2213-15	−11.0	2238-11
July	2201-05	−9.0	2225-09
Sept	2200-05	−11.0	2224-01
Nov	2195-10	−7.5	2216-12

Sales: 4,231 (2,609) lots of 5 tonnes. ICO indicator prices (U.S. cents per pound) for November 26: Comp. daily 1979 137.00; 15-day average 139.16.

GRAINS

Mnth	WHEAT Yesterd'ys close	+ or −	BARLEY Yesterd's close	+ or −
Jan.	110.45	—	110.60	+0.25
Mar.	113.90	+0.10	113.75	+0.25
May	117.35	—	116.20	+0.20
July	119.35	—		
Sept.	98.20	+0.20	97.30	+0.15

Business done—Wheat: Jan 110.60-10.45, March 114.00-3.75, May 117.55-7.35, July untraded, Sept 98.25-8.10. Sales: 95 lots of 100 tonnes. Barley: Jan 110.60-10.50, March 113.80-3.50, May 116.25-6.10, Sept untraded. Sales: 123 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. dark northern spring no 1 15 per cent Dec 180.50 Jan 182.35, Feb 184.85 transhipment east coast. U.S. no 2 soft red winter Dec 151.75, Jan 150, Feb 150.25. English feed fob Jan 112 east coast. Maize: U.S. no 3 yellow/French transhipment east coast second half Nov/second half Dec 145 quoted. Barley: English feed fob Dec 112.50 Jan 114, Jan/Mar 115.50. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: S East 107.00, W Mids 105.10, N West 103.10. The UK monetary coefficient for the week beginning Monday December 3 based on HGCA calculations using five days' exchange rates) is expected to remain unchanged.

PIGMEAT

The market failed to follow through after the previous day's strong close and prices drifted through the day in very thin volume to close at or near the lows, reports CCST Commodities.

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
Feb.	116.70	117.00	118.60
April	115.60	116.40	116.00-15.80
June	111.00	111.30	111.20-11.00
Aug	108.90	109.20	109.00
Oct.	115.40	115.90	115.80-15.70
Nov.	114.20	114.50	114.50

Sales: 23 (61) lots of 50 carcases, 3,250 kg.

POTATOES

November climbed even higher, gaining £8.00 during the morning. Despite a larger tender than of late (40 tenders against a total-to-date of 120). Sentiment remained firm and November held at £6.50 up for the rest of the session. Forward positions eased to close at the lows, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
Nov.	75.50	73.00	81.00-74.90
Feb.	51.60	51.50	
April	58.90	58.90	58.90-57.90
May	66.80	67.00	
June	67.00	67.00	

Sales: 314 (156) lots of 40 tonnes.

OIL

Resistance by sellers to low offers forced up bids for December Arab Gulf crudes. However, volume of actual deals was small. In North Sea crude Brent blend for December traded either side of $27. The Nymex crude oil contract opened 16c down for January but by midday it had recouped 6c. Gas oil was volatile: after early declines traders bought to cover their positions which provided support towards the close. Heavy fuel prices remained stable with UK demand being balanced by supplies from the Caribbean and eastern Mediterranean. Petroleum Argus.

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)		
Arab Light	27.40-27.50	+0.275
Arab Heavy	26.30-26.40	—
Dubai	26.50-26.60	+0.10
Brent Blend	26.95-27.05	−0.05
W.T.I. (1pm est)	27.05-27.15*	+0.025
Forcados (Nigeria)	27.25-27.35	−0.15
Urals	27.20-27.30	−0.15
PRODUCTS—North West Europe "cif" ($ per tonne)		
Premium gasoline	247-249	—
Gas Oil	220-222	−1
Heavy fuel oil	181-183	—

* Jan

Petroleum Argus Estimates

GAS OIL FUTURES

Month	Yest'day's close	+ or −	Business Done
	$ U.S. per tonne		
Nov.	221.50	−2.00	222.75-20.50
Dec.	224.25	−1.25	225.00-22.25
Jan.	226.50	−0.50	226.00-22.75
Feb.	225.25	+0.25	225.50-22.00
March	222.50	+0.50	221.75-18.50
April	218.75	+0.75	217.00-14.00
May	219.00	+0.75	216.50-14.00

Turnover: 4,451 (2,996) lots of 100 tonnes.

SOYABEAN MEAL

The market opened unchanged to £1 lower in fairly active trading, reports T. G. Roddick. Mild shipper support emerged during the afternoon.

	Yesterday close	+ or −	Business Done
	£ per tonne		
Dec	140.0-150.0	—	
Feb.	141.5-141.6	−0.40	141.5-140.5
April	145.5-146.2	−0.25	144.5-144.0
June	148.5-149.0	−0.55	145.5-145.5
August	147.5-150.0	—	—
October	150.5-151.5	+1.00	—
Dec.	151.5-155.0	+0.25	—

Sales 330 (284) lots of 20 tonnes; 0 (0) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $106.00 (£88.00), down $1.00 (down 50p) a tonne for November-January delivery. White sugar $154.00, up 50c.

Prices gained $3 over the day following fresh rumours of buying by the USSR, report C. Czarnikow.

No.6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Dec.	128.8-128.8	128.4-127.8	129.0-125.8
Mar.	146.0-146.2	142.8-143.8	146.4-142.2
May	155.8-155.8	150.4-150.6	155.8-149.8
Aug.	163.0-163.4	161.0-161.2	163.5-158.5
Oct.	170.8-171.0	168.0-168.4	171.0-167.4
Dec.	177.4-178.0	174.4-176.2	175.0-175.8
Mar.	191.8-192.8	189.0-191.2	188.8-188.2

Sales: 3,697 (3,691) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £195.000 (£194.00) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports.) Prices for November 26: Daily price 3.92 (4.00); 15-day average 4.37 (4.44).

U.S. MARKETS

Gold and silver values remained bearish on expectations that a weak U.S. economy will limit inflationary pressures along with the level of industrial usage, reports Heinold Commodities. Copper and aluminium values met selling on expectations that this weakness will depress demand prospects. Cocoa was steady on Brazilian arrivals falling at the low end of the expected range. Sugar was firm on technical short-covering and light trade buying. Coffee came under pressure on the lack of fresh cash activity. Cotton was sharply lower on fresh selling as the market failed to react to reports of rain in the U.S. Delta. Heating oil prices rallied on short-covering triggered by very high automobile sales and late in the day by a force majeure declaration by the USSR on some crude oil and product shipments.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	High	Low	Prev
Dec	50.65	51.40	50.50	51.10
Jan	51.10	—	—	51.58
March	52.05	52.85	52.00	52.45
May	53.00	53.85	53.85	53.45
July	53.95	54.75	54.70	54.40
Sept	54.90	55.65	55.50	55.35
Dec	56.35	—	—	56.80
Jan	56.85	—	—	57.30
March	57.85	—	—	58.30

COCOA 10 tonnes, $/tonne

	Close	High	Low	Prev
Dec	2227	2233	2201	2223
March	2078	2098	2073	2077
May	2080	2094	2076	2080
July	2079	2100	2078	2088
Sept	2091	2105	2105	2100
Dec	2046	2070	2065	2055
March	2048	—	—	2057

COFFEE "C" 37,000 lbs, cents/lb

	Close	High	Low	Prev
Dec	139.26	39.90	38.80	40.44
March	138.35	37.40	36.25	37.92
May	136.30	36.48	36.25	36.61
July	134.35	35.10	34.70	35.38
Sept	133.00	33.50	33.00	33.86
Dec	131.51	—	—	32.13
March	130.78	—	—	31.05

COPPER 25,000 lbs, cents/lb

	Close	High	Low	Prev
Nov	58.05	—	—	59.55
Dec	58.15	60.40	58.00	59.65
Jan	58.65	—	—	60.15
March	59.70	61.95	59.40	61.15
May	60.65	62.90	60.70	62.15
July	61.60	63.80	61.65	63.10
Sept	62.55	64.60	62.25	64.05
Dec	63.95	66.10	64.00	65.50
Jan	64.40	—	—	65.95

COTTON 50,000 lbs, cent/lb

	Close	High	Low	Prev
Dec	64.90	65.80	64.60	65.67
March	65.70	66.60	65.25	66.44
May	66.90	67.70	66.45	67.62
July	67.95	68.60	67.75	68.55
Oct.	67.88	68.02	68.02	68.10
Dec	68.15	68.60	68.02	68.50
March	69.56	—	—	69.55
May	69.60	—	—	69.70

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
Jan	27.30	27.63	27.00	27.16
Feb	27.22	27.50	26.94	27.04
March	27.15	27.38	26.80	26.88
April	27.10	27.20	26.65	26.77
May	27.08	27.08	26.73	26.70
June	26.52	26.52	26.52	26.64
July	—	—	—	26.62
August	26.65	26.65	26.65	26.56
Sept	—	—	—	26.56
Oct	—	—	—	26.56

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Nov	327.3	—	—	331.2
Dec	327.4	334.4	325.0	331.5
Jan	329.8	—	—	333.9
Feb	332.1	339.0	329.5	336.3
April	336.8	344.1	334.0	341.1
June	342.0	349.5	340.2	346.4
August	347.3	353.7	346.0	351.8
Oct	352.8	360.0	353.0	357.4
Dec	358.7	367.2	355.0	363.5
Feb	365.0	372.0	365.0	370.0
April	371.4	376.5	376.5	376.6
June	378.4	385.6	385.6	383.6
August	385.7	393.5	383.0	391.0

HEATING OIL 42,000 US gallons, cents/US gallon

	Latest	High	Low	Prev
Dec	76.00	76.75	74.55	75.32
Jan	77.20	77.95	75.65	76.45
Feb	77.20	77.80	75.60	76.33
March	74.35	75.00	72.60	73.23
April	71.90	72.15	69.90	70.15
May	70.00	68.90	68.85	68.93
June	69.50	68.00	68.00	69.00
July	69.00	—	—	68.50
August	69.00	—	—	68.50
Sept	69.00	—	—	68.50

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Jan	170.35	71.86	70.30	72.40
March	171.15	72.30	71.10	72.75
May	170.55	71.60	70.10	72.40
Sept	168.50	69.00	68.90	70.00
Nov	166.50	66.50	66.50	67.95
Jan	166.25	—	—	67.00
March	166.25	—	—	67.00

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Nov	319.0	319.0	319.0	315.0
Dec	318.0	—	—	
Jan	318.8	323.0	315.0	319.5
April	326.5	329.0	322.0	326.7
July	332.3	336.5	330.0	334.0
Oct	339.4	342.5	340.0	341.5
Jan	346.7	—	—	349.4

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Nov	711.7	735.0	735.0	735.4
Dec	712.0	738.0	707.0	736.0
Jan	717.4	743.5	743.0	741.8
March	728.4	757.0	723.0	753.0
May	738.7	769.0	738.0	764.9
July	751.4	781.0	745.0	777.2
Sept	764.3	791.0	771.0	790.6
Dec	785.0	815.0	783.0	811.8
Jan	792.0	—	—	819.0

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	High	Low	Prev
Jan	4.80	4.80	4.88	4.59
March	5.39	5.40	5.22	5.19
May	5.73	5.73	5.57	5.62
July	6.04	6.04	5.88	5.93
Sept	6.29	6.15	6.15	6.17
Oct	6.50	6.50	6.34	6.37
Jan	6.93	6.90	6.90	6.80
March	7.49	7.51	7.31	7.33

SPOT PRICES—Chicago loose lard 27.00 (29.00) cents per pound. New York tin 540.0-47.0 (537.0-45.0) cents per pound. Handy and Harman silver bullion 735.5 (747.5) cents per troy ounce.

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Dec	67.00	67.60	66.90	67.65
Feb	66.27	66.80	66.20	66.82
April	67.85	68.32	67.80	68.35
June	67.60	67.90	67.55	67.92
August	65.65	65.85	65.56	65.95
Oct	63.45	63.90	63.40	63.85
Dec	64.65	64.75	64.65	64.90

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Dec	52.60	52.90	52.00	52.17
Feb	52.87	53.40	52.50	52.65
April	48.95	49.72	48.80	49.17
June	52.60	53.20	52.30	52.67
July	53.25	53.60	53.07	53.32
August	50.55	51.00	50.50	50.65
Oct	48.02	48.30	48.02	47.85
Dec	48.75	48.82	48.75	48.80
Feb	48.60	49.70	48.60	48.80

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
Dec	266.2	268.0	265.4	266.4
March	277.4	279.2	276.6	277.4
May	284.4	287.0	284.0	285.6
July	288.6	291.2	288.0	290.0
Sept	285.0	287.2	284.6	286.2
Dec	282.2	284.2	282.0	284.0
March	291.4	293.9	291.4	293.4

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	72.15	73.25	71.55	72.50
March	72.15	73.15	71.60	72.50
May	73.32	74.35	72.90	73.55
July	73.85	74.85	73.50	74.40
August	71.60	72.50	71.20	71.90
Feb	74.40	74.40	73.70	73.50
March	74.05	74.05	74.05	73.10

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Jan	594.6	606.4	594.0	602.4
March	609.4	621.4	609.0	617.2
May	624.6	636.4	624.4	631.4
July	635.6	646.4	635.0	642.2
August	636.0	646.4	636.0	642.4
Sept	626.6	637.4	625.4	635.0
Nov	626.2	637.4	626.0	634.4
Jan	642.0	—	—	649.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Dec	148.4	150.1	148.2	149.3
Jan	151.6	153.4	151.5	152.5
March	157.8	159.4	157.7	158.8
May	163.6	165.0	163.4	164.6
July	168.7	170.5	168.5	169.8
August	170.3	172.0	170.0	171.5
Sept	172.0	173.5	172.0	173.0
Oct	172.1	—	—	173.7
Dec	174.0	177.0	174.0	176.1

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Dec	26.62	27.23	26.55	26.95
Jan	25.26	25.84	25.25	25.36
March	24.34	24.85	24.32	24.77
May	24.05	24.60	24.05	24.48
July	23.83	24.35	23.80	24.25
August	23.64	24.10	22.65	24.00
Sept	23.65	24.04	23.65	23.90
Oct	23.50	23.90	23.50	23.90
Dec	23.40	24.00	23.40	23.77

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Dec	356.6	361.4	356.0	360.4
March	355.6	359.4	355.2	359.0
May	350.2	352.8	350.0	352.0
July	339.2	342.2	339.6	340.6
Sept	344.4	344.4	344.4	345.2
Dec	355.4	357.6	355.4	356.4

OTHER MARKETS

ROTTERDAM

WHEAT—(U.S. $ per tonne): U.S. two soft red winter Dec 165.50, Jan 163.25, Feb 163.75, March 164.25. U.S. two northern spring 14 per cent protein. Spot 180, Dec 174, Jan 179, Feb 182, March 185, April/May 177. U.S. northern spring 15 per cent protein. Dec 188, April/May 190. U.S. three hard amber durum. Dec 186, Jan 202, Feb 204, March 205, April/May 192, June 193, Sept 192. Canadian one western amber durum, spot 216. April/May 205.50.

MAIZE—(U.S. $ per tonne): U.S. no two yellow Gulfports Dec 243.50, Jan 243.80, Feb 246.80, March 249.60, April 252.10, May 253.90, June 256.40. Sellers.

SOYAMEAL—(U.S. $ per tonne): 44 per cent Afloat 173.5-185, Nov 170.50, Dec 167, Jan 168, Jan/March 170, April/Sept 185 Sellers. Pellets Brazil Afloat 190, Dec 185, Jan 188.50, Jan-March 188, April and May 186, April/Sept 180. Sellers. Pellets Argentine Afloat 181-183.5, Nov 177, Dec 174, Jan 175, Jan/March 176.50, May/Oct 188. Sellers.

PARIS

SUGAR—(FFr per tonne): March 1486/1487, May 1525/1540, Aug 1623/1628, Oct 1665/1698, Dec 1735/1738, March 1840/1898.

COCOA—(FFr per 100 kg): Dec 2110/2120, March 2082/2088, May 2063 bid, July 2070 bid, Sept 2075 bid, Dec 2080 ask, March 2080 ask.

RUBBER

PHYSICALS—The London market opened about unchanged, attracted little interest throughout the day and closed quiet, reports Lewis and Peat. Closing prices (buyers): spot 58.50p (same): Jan 71.00p (same). The Kuala Lumpur Dec fob price for RSS No. 1 was 189.0 (190.0) cents a kg and for SMR 20 was 183.0 (184.0).

HIDES

HIDES—Birmingham (Leeds). Second clears. Ox: 31-35.5 kg, 109.5p a kg (105.4p); 26-30.5 kg, 119.3p a kg withdrawn (119.1p); 22-25.5 kg, 129.6p a kg withdrawn (128.5p). Cows: 25.5 kg, 132.1p a kg (129.5p withdrawn).

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar slightly easier

The dollar lost ground in currency markets yesterday but retained its firm undertone. Encouraging trade and current account figures from West Germany may have sparked off some selling but despite falling through a DM 3.0525 chart point and touching a low of DM 3.0455, the dollar recovered in the afternoon to finish at DM 3.0560, still down though from Monday's close of DM 3.0610.

A move towards lower U.S. interest rates, including a cut to 11½ per cent in prime rates by some banks may also have inhibited the extent of any recovery while the threat of Bundesbank intervention lurked in the back of everybody's minds. Although relatively unsuccessful last week in curtailing the dollar's revival, the Bundesbank's expertise made many people wary. The possibility of widely fluctuating rates towards the end of the year seemed an increasing prospect if the Bundesbank tries to counter technical year end dollar demand in a relatively thin market.

Elsewhere the dollar closed at SwFr 2.5230 from SwFr 2.5240 and Y245.40 compared with Y246.10. It was also weaker against the French franc at FFr 9.3550 from FFr 9.3750. On Bank of England figures, the dollar's index slipped from 141.9 to 141.7.

STERLING — Trading range against the dollar in 1984 is 1.4905 to 1.1875. October average 1.2207. Exchange rate index rose to 74.6 from 74.2, having risen from an opening level of 74.2 to finish at the day's high and compared with 79.4 six months ago.

Sterling finished on a firmer note, reflecting a feeling that Monday's decline on oil price fears was probably a little overdone. It rose to $1.2080-1.2090 against the dollar, a rise of 75 points and DM 3.6925 from DM 3.6775. It was also firmer against the Swiss franc at SwFr 3.0475 from SwFr 3.03 and Y296.50 from Y295.50. Against the French franc it improved to FFr 11.30 from FFr 11.26.

D-MARK — Trading range against the dollar in 1984 is 3.1410 to 2.5535. October average 3.0676. Trade weighted index 121.3 against 125.8 six months ago.

The dollar was fixed at DM 3.0535 against the D-mark at yesterday's fixing in Frankfurt compared with DM 3.0547 on Monday and the Bundesbank sold $28.25m at the fixing. There apeared to be little indication of any open market intervention with the dollar confined to a relatively narrow range. News of an improved West German trade and current account surplus appeared to have little effect on trading. Despite a further reduction in U.S. interest rates, there seemed to be little likelihood of an imminent drop in West German rates.

Elsewhere sterling improved to DM 3.6870 from DM 3.6790 while the Swiss franc eased to DM 1.2118 from DM 1.2135. Within the EMS the Belgian franc slipped to DM 4.9650 per BFr 100 from DM 4.9720 and the French franc was lower at DM 32.63 per FFr 100 from DM 32.64.

STERLING EXCHANGE RATE INDEX

	Nov 27	Previous
8.30 am	74.2	74.6
9.00 am	74.3	74.5
10.00 am	74.2	74.5
11.00 am	74.2	74.3
Noon	74.5	74.3
1.00 pm	74.5	74.3
2.00 pm	74.5	74.2
3.00 pm	74.5	74.0
4.00 pm	74.6	74.2

£ in New York

	November 27	Prev. close
£ Spot	$1.2055-1.2065	$1.2050-1.2040
1 month	0.09½-0.08 pm	0.09-0.08 pm
3 months	0.13-0.09 pm	0.16-0.13 pm
12 months	0.25-0.35 dis	0.15-0.25 dis

Forward premiums and discounts apply to the U.S. dollar.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu November 27	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	44.9304	+0.07	+0.39	±1.5428
Danish Krone	8.14104	8.03235	−1.34	−1.02	±1.6421
German D-Mark	2.24184	2.23038	−0.51	−0.19	±1.1463
French Franc	6.87456	6.83306	−0.60	−0.28	±1.3659
Dutch Guilder	2.52595	2.51606	−0.39	−0.07	±1.5165
Irish Punt	0.72569	0.717518	−1.13	−0.81	±1.6671
Italian Lira	1403.49	1381.71	−1.55	−1.55	±4.0511

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST POUND

Nov 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2000-1.2105	1.2080-1.2090	0.10-0.07c pm	0.84	0.14-0.09pm	0.38
Canada	1.5850-1.5975	1.5965-1.5975	0.15-0.24c dis	−1.46	0.37-0.50dis	−1.09
Nethlnd.	4.13¾-4.17	4.15¾-4.16¾	1⅝-1⅛c pm	4.33	4⅞-3¾ pm	3.79
Belgium	73.85-74.46	74.30-74.40	2-8c dis	−0.81	9-18dis	−0.73
Denmark	13.24½-13.29½	13.28½-13.29½	1⅞-2⅝ore dis	−2.03	6⅝-7⅝dis	−2.05
Ireland	1.1820-1.1890	1.1862-1.1872	0.42-0.58p dis	−5.06	1.33-1.64dis	−5.00
W. Ger.	3.66⅝-3.69⅝	3.68⅝-3.69⅝	1½-1¼pf pm	4.47	3⅞-3½ pm	3.99
Portugal	197.20-200.90	198.30-200.85	190-520c dis	−24.35	575-1725dis	−23.05
Spain	206.20-207.00	206.75-206.95	30-60c dis	−2.61	120-175dis	−2.85
Italy	2,275¾-2,289¾	2,285½-2,286½	8-10lire dis	−4.72	27-30 dis	−4.98
Norway	10.66½-10.71	10.69¾-10.70½	2⅝-3⅝ore dis	−3.43	9-9¾dis	−3.50
France	11.24½-11.32	11.29½-11.30½	½-1¼c dis	−0.86	3½-4¾dis	−1.48
Sweden	10.50-10.56	10.54-10.55	1⅝-2⅞ore dis	−2.28	5⅞-5⅞dis	−2.06
Japan	294½-297	296-297	0.90-0.80y pm	3.44	2.47-2.30 pm	3.22
Austria	25.76-26.00	25.94-25.99	5⅝-4⅜gro pm	2.31	15-12 pm	2.08
Switz.	3.02¼-3.05¾	3.04¾-3.05¾	1½-1¼c pm	5.41	3¾-3⅝ pm	4.51

Belgian rate is for convertible francs. Financial franc 61.85-61.90.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Nov 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.2000-1.2105	1.2080-1.2090	0.10-0.07c pm	0.84	0.14-0.09 pm	0.38
Ireland†	1.0162-1.0185	1.0165-1.0175	0.53-0.49c pm	6.02	1.42-1.30 pm	5.35
Canada	1.3187-1.3213	1.3205-1.3210	0.22-0.25c dis	−2.14	0.43-0.48dis	−1.39
Nethlnd.	3.4305-3.4530	3.4425-3.4435	0.98-0.95c pm	3.36	2.81-2.88dis	−3.30
Belgium	61.38-61.62	61.40-61.50	7½-9c dis	−1.61	17-20 dis	−1.20
Denmark	10.98¾-11.01	10.98¾-10.99¾	2¼-2¾ore dis	−2.73	5⅞-6 dis	−2.09
W. Ger.	3.0455-3.0605	3.0555-3.0565	0.95-0.90pf pm	3.63	2.75-2.70 pm	3.57
Portugal	163½-166	163½-165½	175-525c dis	−25.53	500-1450ds	−23.71
Spain	171.00-171.65	171.00-171.20	45-55c dis	−3.50	135-150dis	−3.33
Italy	1,887-1,897	1,887½-1,888½	9.10-9.60lire dis	−5.93	25.00-25.75ds	−5.38
Norway	8.85-8.87	8.85¼-8.85¾	3.00-3.50ore dis	−4.40	8.40-8.90ds	−3.90
France	9.34-9.37¼	9.35¼-9.35¾	1.30-1.45c dis	−1.76	4.50-4.80ds	−1.98
Sweden	8.71½-8.73½	8.71½-8.72	2.05-2.55ore dis	−3.16	5.40-5.90dis	−2.59
Japan	244.90-245.45	245.35-245.45	0.56-0.52y pm	2.64	1.77-1.72pm	2.84
Austria	21.41¾-21.51¾	21.45-21.47	2.80-2.30gro pm	1.42	9.75-7.75pm	1.63
Switz.	2.5160-2.5265	2.5225-2.5235	0.90-0.84c pm	4.14	2.56-2.50pm	4.02

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

Belgian rate is for convertible francs. Financial franc 74.20-74.30.

Six-month forward dollar 0.13-0.08c pm. 12-month 0.22-0.37c dis.

OTHER CURRENCIES

Nov. 27	£	$		£ Note Rates
Argentina Peso	170.39-170.68	141.11-141.23	Austria	25.80-26.10
Australia Dollar	1.4155-1.4135	1.1675-1.1680	Belgium	74.00-75.80
Brazil Cruzeiro	3,397-3,418	2,814-2,828	Denmark	13.22-13.36
Finland Markka	7.6770-7.7015	6.3700-6.3720	France	11.25-11.36
Greek Drachma	149.64-152.66	124.46-126.96	Germany	3.67-3.71
HongKong Dollar	9.4500-9.4625	7.8240-7.8270	Italy	2265-2295
Iran Rial	111.45*	92.45*	Japan	293 299
KuwaitDinar(KD)	0.36626-0.36676	0.30260-0.30270	Netherlands	4.14-4.18
Luxembourg Fr.	74.30-74.40	61.40-61.50	Norway	10.64-10.75
Malaysia Dollar	2.9100-2.9170	2.4080-2.4110	Portugal	202-210
NewZealand Dlr.	2.4715-2.4765	2.0450-2.0480	Spain	204-213½
Saudi Arab Riyal	4.2965-4.3020	3.5600-3.5610	Sweden	10.48-10.59
Singapore Dollar	2.6164-2.6225	2.1550-2.1680	Switzerland	3.02¾-3.05¾
Sth African Rand	2.5053-2.2152	1.8230-1.8300	United States	1.1965-1.2155
U.A.E. Dirham	4.4320-4.4370	3.6720-3.6730	Yugoslavia	290-295

* Selling rates.

CURRENCY MOVEMENTS

Nov 27	Bank of England Index	Morgan Guarant'y Changes%
Sterling	74.6	−15.7
U.S. dollar	141.7	+28.2
Canadian dollar	89.9	−3.6
Austrian schilling	111.0	+3.2
Belgian franc	88.8	−10.8
Danish Kroner	76.6	−5.7
Deutsche mark	121.3	+6.5
Swiss franc	140.7	+9.8
Guilder	111.2	+5.3
French franc	64.1	−16.1
Lira	46.7	−14.3
Yen	156.9	+12.5

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Nov. 27	Bank rate %	Special Drawing Rights	Europ'n Currency Unit
Sterling	—	0.823450	0.604770
U.S. $	8½	0.994069	0.729716
Canadian $	10.78	*	0.962714
Austria Sch.	4½	21.3417	15.6670
Belgian Fr.	11	61.2247	44.9304
Danish Kr.	7	10.9372	8.03235
Dmark	4½	3.03539	2.23038
Guilder	5	3.42705	2.51606
French Fr.	9½	9.30895	6.83306
Lira	16½	1882.02	1381.71
Yen	5	244.094	179.109
Norwgn Kr.	8	8.81540	6.46674
Spanish Pta.	½	170.137	124.905
Swedish Kr.	9	8.68568	6.36969
Swiss Fr.	4	2.50525	1.84012
Greek Dr'ch	20½	125.024	91.7253
Irish Punt	12¾	0.977452	0.717518

* C$/SDR rate for Nov 23: 1.31625

EXCHANGE CROSS RATES

Nov. 27	Pound St'rling	U.S. Dollar	Deutsche m'k	J'panese Yen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.209	3.693	296.5	11.30	3.048	4.165	2286.	1.597	74.35
U.S. Dollar	0.827	1.	3.056	245.4	9.355	2.523	3.443	1888.	1.321	61.45
Deutchemark	0.271	0.327	1.	80.30	3.060	0.825	1.127	619.1	0.432	20.14
Japanese Yen 1,000	3.373	4.076	12.45	1000.	38.11	10.28	14.04	7710.	5.386	250.8
French Franc 10	0.885	1.069	3.268	262.4	10.	2.697	3.684	2023.	1.413	65.80
Swiss Franc	0.328	0.397	1.212	97.29	3.708	1.	1.366	750.1	0.524	24.40
Dutch Guilder	0.240	0.290	0.887	71.23	2.715	0.732	1.	549.2	0.384	17.86
Italian Lira 1,000	0.437	0.529	1.615	129.7	4.943	1.333	1.821	1000.	0.699	32.52
Canadian Dollar	0.626	0.757	2.312	185.7	7.076	1.908	2.606	1431.	1.	46.56
Belgian Franc 100	1.345	1.625	4.966	398.8	15.20	4.099	5.599	3075.	2.148	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Nov. 27	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	9½ 9⅝	8¾-8⅞	11-11⅛	5½-5⅝	¾-1	5⅛ 5⅜	10⅝ 10⅞	14½-15½	10½-11¼	10¾-11	6⅛-6⅜	12-12½
7 days' notice	9½ 9⅝	8½-8⅝	11-11⅛	5⅝-5⅞	11¼-11½	5⅛ 5⅜	10⅝-10⅞	13¾-14¾	10½-11¼	10⅝ 10⅞	6⅜-6½	12¼-12¾
Month	9⅜ 9⅝	8⅝-8⅝	10½-11	5⅝-5⅞	4⅜ 4⅝	5⅝ 5⅝	10⅝-10⅞	14⅜-14⅞	10½ 11	10⅝ 10⅞	6⅜-6½	11⅝-12⅛
Three months	9¾ 9⅞	9⅛ 9¼	10½-10⅝	5⅝ 6⅛	5-5⅛	5⅝-5⅞	10½-11⅛	14½-15	10½-11	10½-10¾	5⅝-6⅛	11⅝-12⅛
Six months	9⅞ 10	9⅜ 9⅝	10⅝-10¾	5⅝ 6⅛	4⅞-5	5⅝ 5¾	11¼-11½	14¾-15⅛	10⅛-11	10½-10¾	6⅜-6⅞	11⅝-11⅞
One year	10 10⅛	10⅛-10⅜	10⅝-10⅞	6 6⅛	4⅞-5	5¾ 5⅞	11¾-12	14¾-15⅛	10⅛-11	10½-10¾	6⅜-6⅞	11⅝-11⅞

Asian $ (closing rates in Singapore): Short-term 8[13/16]-8[15/16] per cent; seven days 8[13/16]-8[15/16] per cent; one month 8[13/16]-8[15/16] per cent; three months 9⅛-9¼ per cent; six months 9[7/16]-9[9/16] per cent; one year 10-10⅛ per cent. Long-term Eurodollars: two years 11⅛-11⅜ per cent; three years 11½-11⅝ per cent; four years 11⅝-11⅞ per cent; five years 11⅞-12⅛ per cent nominal rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

London rates steady in quiet trade

Interest rates were little changed in quiet trading on the London money market yesterday. Hopes of another cut in clearing bank base rates have not entirely disappeared, and dealers were pleased when Chase Manhattan Bank began a further round of cuts in U.S. Bank prime lending rates, to 11½ per cent. There appeared to be little concern at the weakness of sterling, but a general relief that the pound remained above $1.20.

Three-month interbank was unchanged at 9½ per cent, and discount houses buying rates for three-month bank bills were steady at 9⅜ per cent.

Temporary facilities of £1.5bn to be made available to the market from December 4 until the year end is to help finance a liquidity shortage caused by the British Telecom share issue, and because of its technical nature should have little or no impact on rates.

UK clearing banks' base lending rate 9½-9¾ per cent since November 23.

The Bank of England forecast a money market shortage of £550m in the morning, but this was later revised to £600m. Total help on the day was £670m, mainly through outright purchases of bills. An early round of assistance was offered and at that time the authorities bought £513m bills by way of £17m bank bills in band 1 (up to 14 days maturity) at 9⅜ per cent £193m bank bills in band 2 (15-33 days) at 9⅜ per cent £22m Treasury bills in band 3 (34-63 days) at 9⅜ per cent £148m bank bills in band 3 at 9⅜ per cent £23m Treasury bills in band 4 (64-91 days) at 9⅜ per cent £10m local authority bills in band 4 at 9⅜ per cent and £100m bank bills in band 4 at 9⅜ per cent.

Another £58m bills were purchased outright in the morning, through £7m bank bills in band 1 at 9⅜ per cent £1m bank bills in band 3 at 9⅜ per cent and £50m bank bills in band 4 at 9⅜ per cent.

In the afternoon the authorities purchased £29m bank bills outright in band 4 at 9⅜ per cent, and also provided late assistance of around £70m.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £55m, with the unwinding of repurchase agreements absorbing £526m, and bank balances below target another £55m. These outweighed Exchequer transactions adding £65m to liquidity and a fall in the note circulation of £20m.

MONEY RATES

Nov. 27	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.45-5.50	10¼	1¼-1½	5½-5¾	6.21875	16⅞-17¼	8.70	13¼-14
One month	5.40-5.55	10⅛-10¼	4⅞-4¾	5⅝-5¾	6.40625	17-17¼	10⅛-10⅜	14¼-14½
Two months	5.75-5.90	10⅛-10¼	—	5⅝-5¾	—	—	—	14⅛-14¼
Three months	5.70-5.85	10¼-10⅜	5-5⅛	5⅝-5¾	6.34375	17⅛-17½	10⅛-10⅜	14⅛-14¼
Six months	5.70-5.85	10⅜-10½	—	5⅝-5¾	—	—	10⅛-10⅜	14⅛-14¼
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	10¼	—	—	—	—	—	—

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

Nov. 27	Sterling Certificate of deposit	Interbank	Local Authority Deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	4-9¾	9 9¼	8-9½	4 9¼	—	—	—	—	—
2 days notice	—	—	9¼-9⅜	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
One month	9⅜-9¼	9⅜-9½	9½	9⅜-10	9½	—	—	9¼	—	10¼
Two months	9⅜-9¼	9⅜-9½	9½	[illegible]	9½	—	—	9¼	—	10¼
Three months	9⅜-9¼	9⅜-9½	9½	[illegible]	9½	—	—	9¼	—	10¼
Six months	9⅜-9½	9½-9⅝	9⅝	[illegible]	9⅝	—	—	—	—	—
Nine months	9⅝-9⅝	9⅝-10	—	—	—	—	—	—	—	—
One year	9⅝-9⅝	10-10⅛	—	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	10⅛-10⅛	—	9⅞	8.85-8.8	8⅞-8⅞	9⅞-9⅝
Two months	10⅛-10⅛	—	9⅞	8.88-8.9	8⅝-9	9⅞-9⅝
Three months	10-9⅝	—	10	9.3-9.2	8⅝-9⅝	9⅝-9⅝
Six months	10-9⅝	—	10	9.5-9.4	—	—
Nine months	10⅛-10	—	—	—	—	—
One year	10⅛-10	—	10	9.75-9.65	9⅝-9⅞	9⅝-10
Two years	—	—	—	—	—	—
Three years	—	—	—	—	—	—
Four years	—	—	—	—	—	—
Five years	—	—	—	—	—	—

ECGD Fixed Rate Export Finance IV: Average Rate of interest period October 3 to November 6 1984 (inclusive): 10.616 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 11 per cent from November 1 1984. London and Scottish Clearing Bank Rates for lending 9½-9¾ per cent. London Deposit Rates for sums at seven days' notice 6-6¼ per cent. Treasury Bills: Average tender rates of discount 9.0065 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 9¾ per cent; one-three months 9¾ per cent; three-six months 9¾ per cent; six-nine months 10 per cent; nine-12 months 10 per cent. Under £100,000 9¾ per cent from November 7. Deposits held under Series 5 10 per cent. The rate for all deposits withdrawn for cash 7 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. November 27)

3 months U.S. dollars

bid 9 3/16	offer 9 5/16

6 months U.S. dollars

bid 9 1/2	offer 9 5/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	11¼-11½
Broker loan rate	9¾-10¾
Fed funds	8⅝
Fed funds at intervention	8⅝

Treasury Bills

One month	7.55
Two month	8.33
Three month	8.23
Six month	8.45
One year	8.70

Treasury Bonds

Two year	100¾
Three year	101⅛
Four year	101⅝
Five year	106⅝
Seven year	101¼
10 year	102¼
20 year	101⅜
30 year	103¼

FINANCIAL FUTURES

Slightly firmer

Interest rate contracts were slightly firmer overall on the London International Financial Futures Exchange yesterday

A cut of ¼ per cent to 11½ per cent in Chase Manhattan Bank's prime lending rate was not unexpected after other banks reduced primes to 11½ per cent on Monday, but it gave a boost to sentiment. It was also hoped the Federal Reserve would intervene to add liquidity to the New York banking system, and later on the U.S. central bank provided $1bn by way of customer repurchase agreements. U.S. leading indicators are also expected to show a fall, when published tomorrow, and anticipation of further confirmation of a slowdown in economic growth helped Eurodollars and U.S. Treasury bond futures recover from a weak start.

Eurodollars for December delivery opened at 90.58 and closed at the day's peak of 90.62 compared with 90.61 previously. December Treasury bonds began at 73-01 and after touching 73-09 finished at 73-07 against 73-06.

A steadier performance by sterling on the foreign exchanges kept short-term sterling and gilt futures little changed. December gilts closed unchanged at 109-12, after opening at 109-08 and touching a high of 109-15.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
Dec	90.62	90.62	90.54	90.61
March	90.27	90.28	90.19	90.30
June	89.83	89.84	89.76	89.87
Sept	89.41	89.44	89.38	89.48
Dec	89.04	—	—	89.10

Est volume 4,087 (3,116)
Previous day's open int 11,504 (11,600)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev
Dec*	90.27	90.27	90.24	90.25
March	90.39	90.40	90.36	90.37
June	90.27	90.28	90.24	90.23
Sept	90.00	90.00	89.99	89.95
Dec	89.75	89.75	89.74	89.65

Est volume 564 (967)
Previous day's open int 6,352 (6,363)
* £250,000 points of 100%

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
Dec	109-12	109-15	109-02	109-12
March	108-21	108-23	108-19	108-21
June	108-03	—	—	108-03
Sept	111-03	—	—	111-03
Dec	—	—	—	108-06

Est volume 2,367 (3,177)
Previous day's open int 3,372 (3,508)
Basis quote (clean cash price 13¾% Treasury 2003 less equivalent price of near futures contract) (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.2080	1.2080	1.2010	1.2000
March	1.2070	1.2090	1.2015	1.1988
June	1.2075	—	—	1.1985

Est volume 226 (2,472)
Previous day's open int 5,287 (5,567)

DEUTSCHE MARKS
DM 125,000 $ per DM

	Close	High	Low	Prev
Dec	0.3275	0.3278	0.3272	0.3271
March	0.3307	0.3307	0.3304	0.3300
June	—	—	—	0.3716

Est volume 81 (493)
Previous day's open int 525 (384)

SWISS FRANCS
SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Dec	0.3969	—	—	0.3968
March	0.4013	0.4013	0.4010	0.4009
June	—	—	—	0.4456

Est volume 7 (281)
Previous day's open int 528 (539)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Dec	0.4079	—	—	0.4065
March	0.4109	0.4112	0.4109	0.4095
June	—	—	—	0.4323

Est volume 116 (397)
Previous day's open int 362 (377)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
Dec	118.53	118.50	117.40	117.80
March	118.60	—	—	118.10
June	118.80	—	—	118.30

Est volume 253 (301)
Previous day's open int 866 (933)

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
Dec	73-07	73-09	72-28	73-06
March	72-15	—	—	72-15

Est volume 1,382 (1,580)
Previous day's open int 2,046 (2,272)

CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	73-07	73-10	72-27	73-01
March	72-16	72-19	72-04	72-11
June	71-28	71-29	71-16	71-23
Sept	71-09	71-11	70-29	71-05
Dec	70-26	70-26	70-16	70-22
March	70-12	70-13	70-04	70-09
June	70-00	70-01	69-26	69-29
Sept	69-21	69-22	69-13	69-18
Dec	—	—	—	69-00
March	—	—	—	68-31
June	—	—	—	68-23

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Dec	91.66	91.67	91.58	91.63
March	91.39	91.42	91.33	91.40
June	91.00	91.02	90.96	91.01
Sept	90.64	90.65	90.58	90.63
Dec	90.31	90.31	90.26	90.29
March	89.99	90.00	89.96	89.98
June	89.70	89.70	89.69	89.70
Sept	—	—	—	89.42

CERT. DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Dec	91.00	91.01	90.93	90.99
March	90.64	90.65	90.56	90.66
June	90.18	90.19	90.12	90.22

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Dec	90.61	90.62	90.53	90.59
March	90.25	90.27	90.18	90.26
June	89.81	89.82	89.74	89.82
Sept	89.39	89.39	89.33	89.41
Dec	89.00	89.00	88.96	89.03
March	88.64	88.64	88.61	88.69
June	88.33	88.33	88.31	88.37
Sept	88.01	88.01	87.99	88.05

STERLING (IMM) $e per £

	Latest	High	Low	Prev
Dec	1.2080	1.2090	1.2035	1.2005
March	1.2065	1.2075	1.2020	1.1985
June	1.2090	1.2090	1.2065	1.2000
Sept	—	1.2080	—	1.2010
Dec	—	1.2100	1.2100	1.2035

GNMA (CBT) 8% $100,000
32nds of 100%

	Latest	High	Low	Prev
Dec	69-24	69-28	69-21	69-26
March	69-02	69-04	68-31	69-03
June	68-19	68-19	68-16	68-19
Sept	—	—	—	68-06
Dec	67-28	67-28	67-28	67-26
March	—	—	—	—
June	—	—	—	67-03

Company Notices

De Beers Consolidated Mines Limited

Incorporated in the Republic of South Africa

NOTICE OF DIVIDENDS DECLARED ON PREFERENCE SHARES

DECLARATION OF DIVIDEND NO. 151 ON THE 40 PER CENT CUMULATIVE PREFERENCE SHARES OF R5.00 EACH

Dividend No. 151 of One Rand (R1.00) per share in respect of the six months ending 31st December 1984, has been declared payable to the holders of the 40 per cent preference shares registered in the books of the Company at the close of business on 28th December 1984, and to persons presenting coupon No. 151 detached from the preference share warrants to bearer. A notice regarding payment of dividends on coupon No. 151 detached from share warrants to bearer will be published in the press by the London Secretaries of the Company on or about 21st December 1984.

DECLARATION OF DIVIDEND NO. 19 ON THE 5 PER CENT CUMULATIVE SECOND PREFERENCE SHARES OF R1.00 EACH

Dividend No. 19 of 5 cents per share in respect of the six months ending 31st December 1984, has been declared payable to the holders of the 5 per cent cumulative second preference shares registered in the books of the Company at the close of business on 28th December 1984.

For the purpose of these dividends the preference share transfer registers and registers of members will be closed from 29th December 1984 to 11th January 1985, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom transfer offices on or about 8th February 1985. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on 2nd January 1985 of the rand value of their dividends (less appropriate taxes). Any such shareholders may, however, elect to be paid in South African currency, provided that the request is received at the Company's transfer offices in Johannesburg or the United Kingdom on or before 28th December 1984.

The effective rate of non-resident shareholders' tax is 12.446 per cent.

The dividends are payable subject to conditions which can be inspected at the head office and London office of the Company and also at the Company's transfer offices in Johannesburg and the United Kingdom.

By order of the Board
J. D. S. ENGELS
Secretary

Transfer Secretaries: Consolidated Share Registrars Limited, First Floor, Edura, 40 Commissioner Street, Johannesburg 2001 (P.O. Box 61051 Marshalltown 2107)

Head Office: 36 Stockdale Street, Kimberley 8301

Hill Samuel Registrars Limited, 6 Greencoat Place, London SW1P 1PL

28th November 1984

De Beers

Restaurants

Business Wanted

INTERNATIONAL CAPITAL MARKETS

OVER-THE-COUNTER

Continued from Page 28

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

£100m Eurosterling bond for World Bank

BY NICHOLAS COLCHESTER IN LONDON

IN THE SHADOW of the £4bn sale of British Telecom shares, Baring Bros yesterday launched £100m of Eurosterling bonds for the World Bank. The offering is the first dual tranche issue in this market, with the World Bank raising £50m for five years and the same amount for ten.

Early indications were that the issue was going well, despite a dull secondary market – perhaps the prospect of substantial British Telecom refunds provided reassurance of ample liquidity. The longer tranche carries a coupon of 11 per cent and the shorter 10⅝. Both are priced at 99¾.

In the Canadian dollar sector, LTCB International and Morgan Guaranty unveiled a swap deal for the Long Term Credit Bank. The Japanese bank will be raising floating rate U.S. dollar funds, but investors will be subscribing to C$75m for five years at a coupon of 11¾ per cent and price of 100¼. Warrants will be attached through which investors can buy seven-year U.S. dollar paper with an 11¾ per cent coupon. The other lead managers are Wood Gundy and Dominion Securities Pitfield. The complicated blend was said to be selling well last night, following the earlier acceptance of the Canadian dollar issue for Industrial Bank of Japan.

The Ecu denominated yankee issue for the European Community taxied slowly towards take-off last night after the Securities and Exchange Commission had given it the necessary clearance. The $150m issue has a 12-year maturity and an indicated yield of between 9⅞ and 10 per cent semi-annual. Lead managers are Bear, Stearns, First Boston and Morgan Stanley

The only significant secondary market to show much movement yesterday was the D-Mark, sector, which rose about ¼ of a point buoyed by expectations of a cut in official interest rates. Deutsche Bank tapped this market with DM 120m of paper with equity warrants for Fuji Electric Company of Japan. The bonds mature in 1990 and have an indicated coupon of 3¼ per cent with a price expected at par. Final terms will be set on December 5.

In Switzerland Gillette, the U.S. toiletries group, is launching a dual currency SwFr 160m convertible bond maturing in 10 years and with an indicated coupon of 4¾ per cent through Soditic. Final terms will be set tomorrow. The pricing of the City of Tokyo Swiss franc issue was announced yesterday. The coupon is 5¼ per cent for 10 years at a price of 99½.

Iceland to renegotiate

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

ICELAND has joined the long list of European countries renegotiating their foreign debt this year to achieve lower costs.

It is seeking better terms on two loans, both signed in 1979 and totalling $90m. One is a $50m credit in the name of the republic itself and the other a $40m credit raised by Landsvirkjun, the national power company. Hambros Bank is agent on both credits, which originally carried a margin of ⅞ per cent over Eurodollar deposit rates.

The original maturity on both deals is being cut from 12 to 10 years and the margin to a split ⅝-½. In the republic loan the ⅝ margin will run for five years before rising to ½. In the Landsvirkjun credit it will run for only four years. The new grace period on this deal is, however, one year longer than the five year grace period on the republic credit.

Bankers say Iceland's ability to renegotiate the credits stems from its limited need for new money as well as the general improvement in market conditions. It has completed its new money financing for this year.

Renegotiation of the republic deal is complete, while that on the Landsvirkjun credit should be finalised soon.

Dutch state raises Fl 2bn

THE HAGUE – The Dutch Finance Ministry said that it had accepted bids totalling Fl 2bn for the 15-year 7.5 per cent Government bond. The issue has been priced at 100.1 to yield about 7.48 per cent with 70 per cent of the bids accepted against that price.

The final price was slightly below earlier industry estimates of as high as 100.20. The volume of accepted bids was also below the Fl 2.5bn estimated by bond dealers just after the tender closed at mid-afternoon. Bond dealers said most offers to purchase the bonds came from domestic investors, with institutions prominent.

Agencies

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for November 27.

Straights	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FINANCIAL TIMES SURVEY

The growth of venture capital has been rapid. Setbacks are inevitable in the future but there is little doubt that what is seen as a vital spur to entrepreneurial activity and economic recovery is here to stay.

Venture Capital

Lending that helping hand

By Tim Dickson

TEN YEARS ago—following some ill-fated investments by merchant banks in the late 1960s and early 1970s—"venture" capital in Britain was a dirty word. Five years ago it was still in distinctly short supply. But today thanks to a remarkable change of sentiment anyone looking for money to start or expand a small business can be overwhelmed by the choice.

Stockbrokers, accountants, merchant banks and other financial institutions have been falling over themselves recently to get involved with an industry which is rapidly expanding, which is seen as dynamic and providing a key stimulus to economic revival, and which holds out the prospect of substantial rewards for those that approach the opportunities in the right way.

Venture Economics, the London-based research consultancy, reckons that there are now about 90 individual venture capital management groups in Britain, compared with perhaps no more than 20 serious "players" just five years ago. (Our specially prepared list within this survey records more than 150 separate sources of money for unquoted businesses.)

Since 1979 around £500m is estimated to have been raised from institutions and private investors specifically for venture capital (more than half of this in the last 18 months). But the figure would obviously be much greater if the amounts made available by 3i (the Investors In Industry Group) and other established institutions which make investments off their own bats were taken into account.

This relatively sudden surge of enthusiasm—which has certainly gathered pace in the last two years—can be attributed to a number of factors. Notable among them is the Government's emphasis on small firms, its range of incentives to encourage entrepreneurs and the spectacular example of "venture" backed business in the U.S. in the late 1970s and early 1980s; such as Tandem Computers, Federal Express, Apple Computer and LSI Logic.

Besides the increasingly strong commercial appeal of venture capital, many financial institutions (notably the pension funds) were goaded into action by politically motivated criticisms that they were not prepared to take a long-term view of investment.

While money for small businesses is much more widely available in Britain than ever before—providing a vital spur to entrepreneurial activity—there are reasons for treating the current venture capital frenzy with caution.

Too narrow

Many City of London institutions which claim to be "venture capitalists," for example, are in fact highly risk averse; there is so far little evidence that the returns on recent investments will emulate the significant gains chalked up by risk capital specialists in North America; while recent experience on the West Coast of the U.S. vividly illustrates how quickly euphoria in the venture capital game can turn to despair.

Venture capital in Britain, is a far from homogeneous activity—a point reflected for example in widespread debate over "industry" definitions.

Some say "true" venture capital, for example, is equity finance for start ups; but the majority of commentators argue that this is too narrow (especially in a UK context) and that most forms of equity related risk finance for private companies up to the point where they are ready for a public listing should be included. (Such later stage financing is sometimes called "development capital.")

The confusion owes much to the fact that, the modern venture capital industry in Britain is rooted in at least two separate traditions. The first can be traced to the pioneering days of ICFC (previously The Industrial and Commercial Finance Corporation) and Charterhouse Development, the two major British institutions which have dominated the market in long-term small business finance for most of the post war years.

Theirs can best be described as the "City" or "portfolio" approach and rests on the ability of investment managers using largely financial skills to "pick winners." The style is characteristic of most City financial institutions, such as the merchant banks, which have entered the venture capital business on their own account.

The other influence is much more recent and consists of the ideas, experience and techniques pioneered in the U.S. in the early 1970s and introduced to Britain by a small number of American inspired groups such as Venture Founders, APA, Advent and Thomson Clive from about 1980.

In theory at any rate disciples of this "faith" preach the virtue of a long-term investment horizon (more than five years), see capital appreciation as more important than income flow, and (above all) claim to get actively involved in the management of portfolio companies through supplying market intelligence, useful contacts, and introductions to potential customers.

This "hands on" approach—as it has become known in the fashionable jargon of the day—implies that venture capitalists can "add value" to their investments with marketing and technical skills, not just financial expertise.

Many UK financial institutions new to venture capital and some which have stepped up the profile of a previously low key activity have clearly been impressed by this "transatlantic" theory. How many are actually qualified to put the theory into practice is another matter.

The biggest single impetus to venture capital in Britain in the last couple of years has, arguably, been the Business Expansion Scheme (BES). The BES, which offers private investors special tax incentives to invest in unquoted trading companies, has spawned a whole new breed of funds managed in some cases by groups new to venture capital (notably stock-

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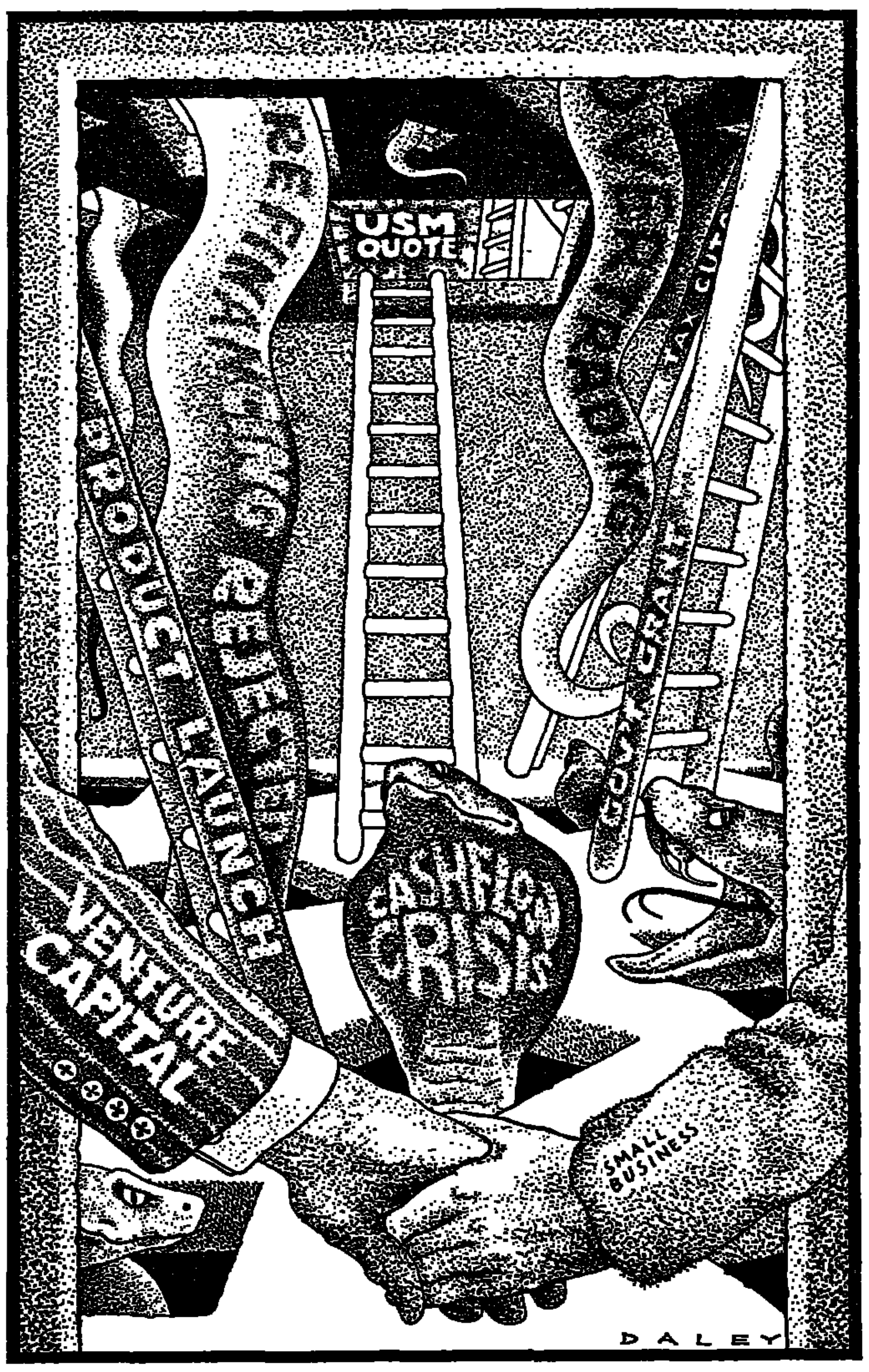

FORUM

● The Venture Capital Financial Forum, sponsored by the Financial Times and the British Venture Capital Association, will be held at the Hotel Inter Continental, London, W1 on Monday and Tuesday of next week

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REPRINTS

● For reprints (Priced £3.50), which will include more detailed information on the major sources of venture capital in the UK, contact Nicola Banham, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY

Venture Capital 2

Need to place emphasis on higher risks

Business Expansion

TERRY GARRETT

IF YOU have a proven track record as a successful businessman, attracting new capital to finance expansion plans is usually a relatively painless experience. But for budding entrepreneurs who have yet to win their spurs in the business world, pulling together sufficient finance to get a start can turn out to be such a daunting task.

Many fail at this first hurdle. How many potentially successful businesses have never got beyond the garden shed through lack of finance?

For years young companies have had to rely on a handful of specialist institutions, such as Industrial and Commercial Finance Corporation, their bank managers or rich relatives to provide cash to see them through their formative years.

And for years this "structure" provoked the same sort of complaints—the professional advisers were unwilling to entertain many small propositions that were put to them, High Street bankers simply lacked enough experience and foresight to act as venture capitalists while rich relatives were hard to find and even harder to keep on the right side of.

Thankfully the market place for financing young companies has changed a great deal in the last few years. The phrase "venture capital" has been taken to every financiers' heart—though its clear meaning is yet to be really established—and now backing small businesses, especially in high-technology industries, has become the fashionable thing to do.

No longer can young entrepreneurs complain that there is insufficient sources of capital, though whether today's myriad of bankers and institutional investors are any less rigid in what they consider to be worthwhile ventures than their limited number of predecessors is perhaps more questionable.

The Government has played its part in encouraging this new entrepreneurial spirit across the country. While large parts of the country's industrial bedrock is crumbling, future prosperity (so the politicians' publicity blurb says) must be found in new "sunrise" industries.

But while venture capital investment holds out the carrot of rich rewards, the risks are equally high. Therefore, in the 1983 Finance Act the authorities launched the Business Expansion Scheme offering substantial tax incentives to encourage investors to take more risks by actually diluting the dangers without losing any of the potential rewards.

Under the scheme an individual can claim tax relief against his or her top level of income tax on investments of new equity in most unquoted UK trading companies up to a maximum investment of £40,000 a year.

So, for example an investment of £10,000 in a qualifying company or specialist BES fund by a person paying a top rate 60 per cent tax rate on income, would actually only cost a net £4,000. The Government, through tax relief, is indirectly subsidising investment in small companies to stimulate growth, while the attractions for individual investors are obvious in that the amount of capital at risk is in practice greatly reduced.

Plan hatched

When the authorities hatched the BES plan perhaps they envisaged large numbers of local professional people putting up finance to create lots of new local businesses; the local dentist financing a sweet shop perhaps. But the BES is such an obvious tool for venture capitalists to employ that there has been a fair avalanche of specialist funds run by City institutions. Now if you are involved in corporate finance you have to have a BES fund somewhere to hand.

The specialist funds have understandably been very popular with investors. Not only do they limit the risk by offering BES tax relief but they have the added bonus of limiting risk further by spreading the funds' investments over several companies. A small fund may only have between six or eight investments, one or two of which might conceivably fail but if there is just one real winner in the portfolio then investors can anticipate a healthy capital reward. It may be a classic argument for fund type investment whether it is unit trusts or investment trusts but of course in this case the tax concession adds a whole new dimension.

So the need to promote extra venture capital was plain, the Government has reacted with a very good scheme and the City institutions and investors in general have responded with an unquestionable degree of enthusiasm. But is it as neat as that.

If there is a criticism with the BES it is that investment flows may not be going in quite the direction that the Government had originally intended. The more obvious abuses, such as using BES cash for farm weakest point is that most investors by nature are usually cautious.

Many fund managers are still using BES funds to back individuals and companies with established track records. Now this is fine up to a point—after all it is an "expansion" scheme and not a "start-up" scheme. And understandably the fund managers who are responsible to their clients to produce capital rewards, are reluctant to follow very high risk investments.

However, if the scheme is going to be viewed as a success—and not just a tax efficient way for investors to get richer thanks to tax concessions—then funds must be directed into investment opportunities that would otherwise have been viewed as too high a risk for conventional based investment.

Lending that helping hand

CONTINUED FROM PAGE 1

brokers and licensed dealers) and in others by more established players (such as the merchant banks).

More than £40m was raised by managed funds in 1983-84 and despite some signs of a cooling in investor sentiment, at least the same again looks possible for the current year.

Typically, BES funds are relatively small—most have less than £2m under management—which restricts the size of a typical stake. They can only take equity positions (no loan capital) and with one or two exceptions they tend to back the more established companies to minimise the risks to their investors. They represent, however, an important new pool of risk capital in the UK.

If the venture capital industry has been shaped by a number of different influences, who are the main players? Broadly speaking the market can be categorised as follows:

Public sector: The regional development agencies, notably the Scottish Development Agency, have been putting equity into small companies for some years. More recently, local authorities such as West Midlands County Council have turned venture capitalist through the creation of locally funded enterprise boards.

In two years the West Midlands Enterprise Board has approved investments of £6.53m in 22 local companies—predominantly established manufacturing businesses with more than 50 employees.

Pension funds: many pension funds in recent years have opted to use a specialist venture capital intermediary but a few, notably the National Coal Board pension fund through its subsidiary CIN Investments and the British Rail Pension Fund, have made direct investments in unquoted companies on their own behalf. Pension funds have been driven by a mixture of commercial judgment and political expediency—being anxious to fend off criticism that they are not supporting new industries.

Insurance companies: The Prudential Corporation's decision to set up its Pruventure division this year and commit an annual £15m to this activity is symptomatic of greater interest among insurers. The Pru has been active for some years through Prutech, which makes early stage investments.

Banks: Kleinwort Benson, Lazard Brothers, Robert Fleming, and Baring Brothers are among issuing houses which have recently heightened their interest in venture capital, in large part because they see the cultivation of small and medium-sized businesses as a rewarding base for corporate finance business. Merchant banking subsidiaries of the clearing banks were first to enter the fray in the early 1970s but many others, notably Citicorp, have become deeply involved recently.

Investment trusts companies: Unquoted companies have played a minor role in many trust portfolios over the years, and a major one in the likes of Electra Investment Trust. Investment companies like Abingworth, Newmarket and Murray Technology specialise in unquoted high technology companies.

In spite of the explosive growth in funds available and the widespread enthusiasm for small companies, worries persist about the long-term health of the venture capital industry.

Previous booms have petered out in the U.K., for example, and the cyclical swings are nowhere better illustrated than in the U.S. this year where there has been a dramatic slump in the prices of high technology stocks quoted on the Over-the-Counter (OTC) market. Disappointed expectations for "venture" backed companies has been the major cause, resulting in sharp write downs in valuations for companies at all stages of development and a cooling of interest by institutional investors. Can the same happen in the UK?

Recent lessons from the U.S., where expectations had become increasingly unrealistic with investors looking for a too rapid payback on their money, should certainly be noted in Britain where some observers feel too many institutions are interested in scoring "quick hits" rather than patiently "building men and companies" (in the words of one of the earliest U.S. venture capitalists General Doriot).

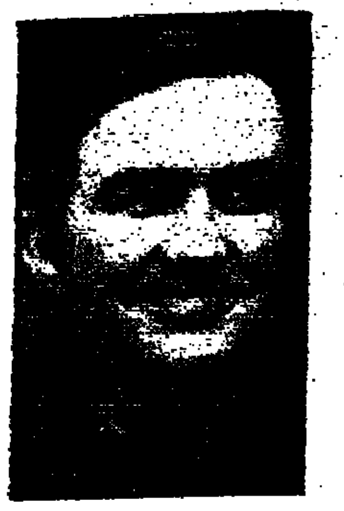
The lack of experienced managers in the UK is also a worry. Few can genuinely claim any real industrial experience and fewer still can show any "scar tissue"—demonstrating that they know what it is like when investments turn sour.

Setbacks are inevitable in the years ahead but the commitment of all political parties to small firms, the success of the Unlisted Securities Market (USM) and the broad range of sources should ensure that this time venture capital is here to stay.

Profile: David Cooksey

Raising further £30m

BY TIM DICKSON



David Cooksey

WITH £20M under management at the moment and plans laid to raise a further £30m from private, corporate and institutional sources, David Cooksey's Advent Management is among the biggest "independent" venture capital groups in the UK.

Advent's British activities began in 1981 with the launch of the £10m Advent Technology—a fund which is now almost fully committed and which contains 35 investments (20 of them are in the UK and the rest are either in North America or Europe).

The £10m Advent Eurofund followed 14 months later and has 26 investments, all but one of which are also in the Advent Technology portfolio.

Advent's investments include a stake in the Cambridge-based Agricultural Genetics Company which it helped set up with Ultramar and the NRDC to exploit the plant genetics work carried out by certain agricultural and food research council institutes; Enterprise Airtime Systems, a UK company which has developed computer-based marketing systems for selling advertising time; and Xenotron, a Norfolk-based designer and manufacturer of intelligent work stations for the print industry.

Cooksey, who read metallurgy at Oxford before joining the Formica Division of De La Rue, stresses Advent's emphasis on "adding value" to high technology investments, its enthusiasm for "technology transfer" between countries and the group's position in an international network of venture capital companies started in 1968 by Peter Brooke of Boston-based TA Associates.

Besides TA, there are affiliated companies in West Germany, Belgium, Holland, Sweden, Singapore and Japan.

Cooksey has had his ups and downs in the venture capital industry. Elected first chairman of the British Venture Capital Association for 1983-84, he was deeply embarrassed when Intercobra—a part of Formica which he acquired in 1971 and developed into a group of companies in the electronics and health care industries—went into receivership in early 1983.

"It obviously took my eye off the ball," he admits today.

His mind is now inevitably concentrated on the new fund (to be called Advent Capital). Although institutional enthusiasm for venture capital is not what it was this time 12 months ago, Cooksey says he will be "disappointed" not to reach the £30m target. He expects that up to one third of subscriptions could come from major corporations which see venture capital as a good "intermediate tool" for backing new technologies.

Profile: Donald Workman

Single minded effort

BY TIM DICKSON

Donald Workman

EX-ICFC area manager Donald Workman is one of a new breed of venture capitalists created by the Government's Business Expansion Scheme (BES). Earlier this year Workman set up the £1.6m Castleforth Fund with help from stockbrokers Laing and Cruickshank and National Commercial and Glyn's, the merchant banking subsidiary of the Royal Bank of Scotland.

In common with most other BES funds he was a shade disappointed by the public's response but he has no regrets about embarking on venture capital management on his own.

"There's a lot of competition for deals and I've got to do all the work myself without the in-house experts I was used to at ICFC. But I'm very glad I've done it."

Castleforth, which hopes to be fully invested by Christmas, has so far put money into a video-graphics company, a large start up called Deeside Aluminium and, an established turf grower with a national presence. Workman says he is aiming for a "reasonable spread" and believes that it is "politically" important for his and other BES funds to back at least a couple of high risk start ups in their portfolios.

Profile: Kingsley Manning By Tim Dickson

Highlighting problems in the sector

KINGSLEY Manning is not a venture capitalist. But as managing director of Greyfriars, a 15-month-old consulting subsidiary of the Guidehouse Group, he has been advising small and medium-sized companies backed by some of the new UK venture capital funds. Based on this experience — Greyfriars has been working on its 28th client—32-year-old Manning has some strong views on the UK venture and development capital industry.

Many funds, he says, fall "uneasily" between the heavily involved "hands on" approach and the traditional "hands off" style of the City.

These investment management companies that act primarily as fund managers, he adds, "are often unenthusiastic about very good projects simply because the management team does not meet their standards . . . what evidence there is suggests that in America the management of many of the companies that seek capital are removed very rapidly when the company gets into growth.

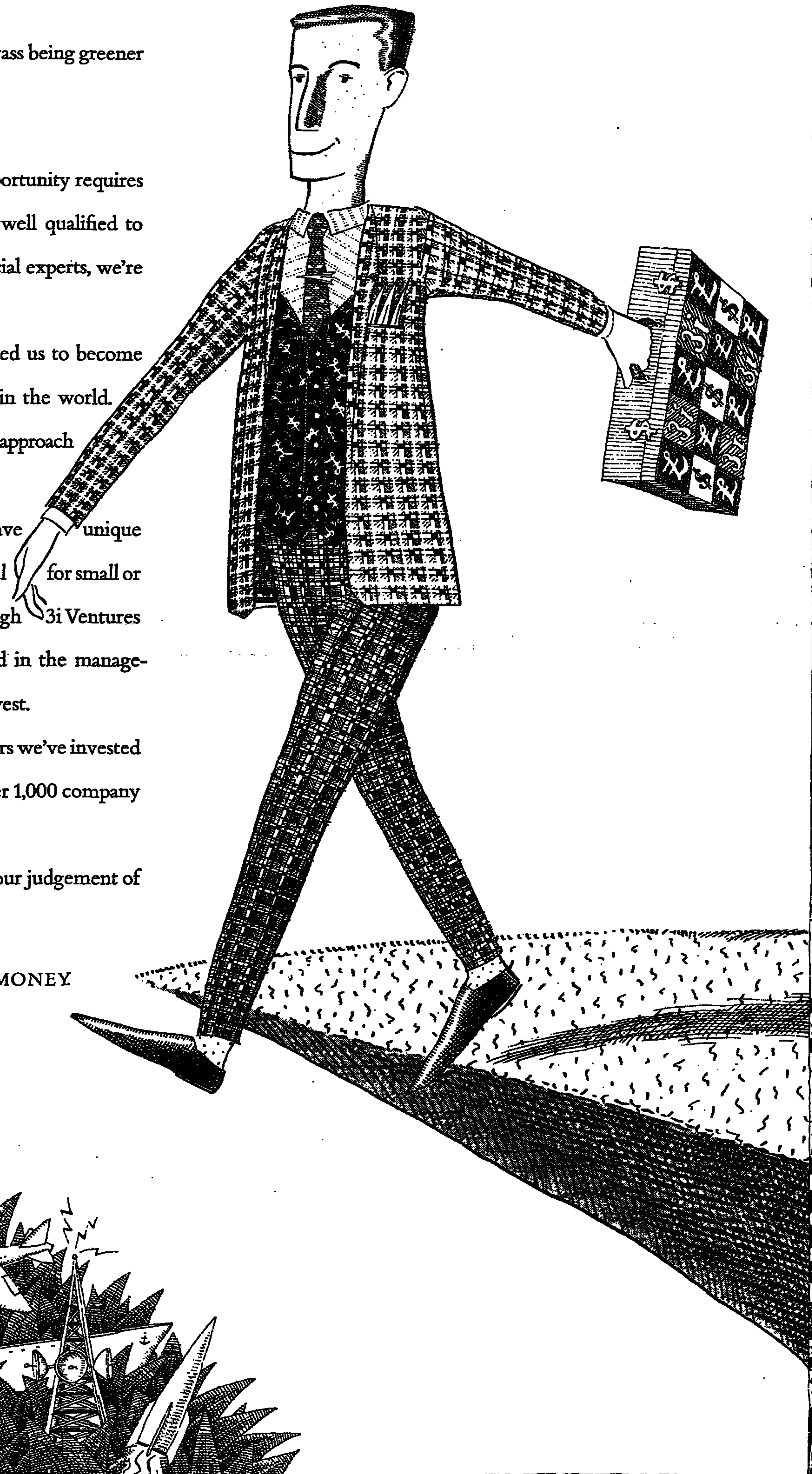
"This is hardly surprising given that the skills and abilities required to start a business are very different from those required to run even a modest sized company."

Adds Manning, who has an MBA from the London Business School and has played a part in the setting up of five small companies:

"The 'hands off' investor's inherently risk averse selection procedure has tended to make it increasingly difficult for them to find suitable investment opportunities.

"It has led to increasing frustration among people seeking funds who find the City apparently unsympathetic to projects which are sometimes relatively mature and successful, even before the institutions become involved."

WE SEE OPPORTUNITIES WHERE SOME SEE ONLY RISKS.



At 3i we're firm believers in the grass being greener on the other side.

Sometimes.

The assessment of risk versus opportunity requires fine judgement. A judgement we're well qualified to make. Because, as well as being financial experts, we're also business experts.

Which in no small way, has helped us to become the largest source of venture capital in the world.

Our approach is to offer whichever approach best suits you, the customer.

Through ICFC where we have unique experience of providing venture capital for small or medium sized companies. Or, through 3i Ventures where we are more actively involved in the management of the businesses in which we invest.

3i INVESTORS IN INDUSTRY

Over the last three years we've invested venture capital in well over 1,000 company start-ups.

We hope that says something for our judgement of greener grass.

THE CREATIVE USE OF MONEY.

INVESTORS IN INDUSTRY GROUP plc, 91 WATERLOO ROAD, LONDON SE1 8XP. TEL: 01-928 7822; PARIS. TEL: 704 3150; BOSTON, MA. TEL: 617 542 8560; NEWPORT BEACH, CA. TEL: 714 720 1421.

Playing a dual role

THE Unlisted Securities Market and its over-the-counter rivals play the double role of provider and exit route for the venture capital industry.

On the one hand, they have unleashed a considerable flow of equity finance from both institutional and private investors. On the other, they have opened an opportunity for venture capital funds to realise their investments with minimal disruption to the company.

At the same time, the two markets have provided a valuable incentive for management by allowing directors to cash in on their efforts relatively easily. For the same reason, they have made it more attractive for businessmen to start up new ventures in the knowledge that a market for their shares could be on the horizon if all goes well.

"The USM shows entrepreneurs that the potential reward is worth the risk," says Geoff Taylor, director of 3i Ventures. Twelve companies with a 3i investment have joined the USM over the past year and another five—including Oxford Instruments — have gone to a full listing.

The two markets have had an uneasy relationship since the USM was formed just over four years ago, simultaneously benefiting from each other and poaching on one another's territory. While the OTC has channelled a number of companies to the USM, it has also kept many young businesses away from the Stock Exchange. They are unwilling to surrender the Business Expansion Scheme (BES) incentives available to investors outside the Stock Exchange and on which the OTC has thrived.

But the greater status attached to a USM quotation has allowed it to establish an enormous lead over the less officially regulated and—in general—more speculative OTC. More than 330 companies have tasted life on the unlisted market, over 35 of which have gone on to a full quotation. Approaching 275 stocks are currently traded on the USM, with a market capitalisation of close to £3bn.

The OTC markets, by contrast, offer prices in around 120 companies, with a market value of £580m, according to Harvard Securities, one of the biggest licensed dealers. Harvard estimates that 35 companies joined the OTC in the past 12 months, of which 22 qualified for BES tax relief.

That represents a small but significant proportion of the estimated 400 or more companies which attracted investments of at least £75m under the BES in 1983-84. Mr John Moore, Financial Secretary to the Treasury, said earlier this month that well over half of that sum had gone to "young or very young start-up companies."

The USM, which raised £157m in new equity capital for its constituents in the first 10 months of this year alone, includes about 10 companies in that category. Most businesses must have a minimum three-year trading record to qualify for admission to the USM; however, new companies may get a quotation if they have a fully researched project using proven technology.

U.S.M.

WILLIAM DAWKINS

Yet the generally poor reception they have received from the USM has caused anxieties for the Stock Exchange and invites the question of whether a public quotation is appropriate for companies in the earliest stage of development.

Few of the USM's start-ups have had such an unhappy time as Synterials, a Dutch producer of synthetic industrial materials, which raised £20m in new capital last December, the largest single sum ever raised on the junior market.

Mr Chris Brotchie, the group's chief executive, says: "It would have been difficult to go for so much money from a smaller group of shareholders." But Synterials' share price has been devastated since its flotation by larger than expected losses, production problems, and the resignation through ill health of its technical director, who provided the inspiration for the group's production process.

Originally placed at 100p, the shares languished at just 38p at the time of writing. The USM has found it similarly hard to digest other start-up ventures like Bio-Isolates, which makes protein from whey, Immediate Business Systems, a supplier of computerised meter readers and Biomechanics, a maker of equipment for treating industrial effluent.

3i's Mr Taylor argues that they would have had a less bumpy time in the private venture capital market with the active management involvement of a handful of institutional investors.

"One shouldn't really think of the USM as a provider of venture capital," he says. "Companies in that state of health need care and attention, which 100 members of the general public cannot provide. They need to become mature and established enough to be trading at arm's length before they join any stock exchange."

The point is echoed by Mr Robin Hodgson, managing director of Granville & Co., which was a pioneer of the OTC 14 years ago and makes a market in 75 companies' shares with a market value of £200m, the biggest OTC market in terms of capitalisation.

"We seek a flow of high quality family companies which want a low profile approach to marketing shares for independence reasons," says Mr Hodgson. "Smaller high-risk ventures are not for us." Other OTC market makers, however, would not agree with this approach.

Mr Tony Lorenz of Equity Capital for Industry.

PROFILE: TONY LORENZ BY TIM DICKSON

Enthusiasm rewarded

In 1972 Tony Lorenz's then employer, PA Consultants, turned down his idea for an in-house venture capital fund (the board thought it would create a conflict of interest). Between 1977 and 1980 his current employer, Equity Capital For Industry (ECI), turned away a number of promising small business deals in favour of large, and too often ill-fated public company rescue operations.

Over the last four years Lorenz, 40, has masterminded a deliberate reshaping of ECI's portfolio to the point where 60 per cent of the £50m invested or committed is in unquoted companies and the bulk of the £20m uninvested cash looks destined for the same sort of homes.

ECI, indeed, is now an identifiable venture capital operation and while it has yet to prove conclusively that it can back winners in the small business game, it looks much more assured of a long-term future than it did even a couple of years ago.

Lorenz's part in this transformation was reflected by his appointment as managing director in April last year, while his enthusiasm for the venture capital cause was rewarded by his election this year as chairman of the British Venture Capital Association (BVCA).

Lorenz, whose past experience includes spells with the Ford Motor Company as an industrial manager and with Charterhouse Development as an investment manager, was a founding member of the BVCA.

Originally an informal dining club known as the Forum, its formal establishment was encouraged in 1982 by the then Small Business Minister John MacGregor and the Bank of England. There are now 50 full members and 11 associate members of the BVCA, which is attempting to set standards for the venture capital industry as well as performing a much-needed lobbying role with Government.

Notable absentees from its ranks include the development capital subsidiaries of the four major clearing banks, the 3i Group (which includes ICFC), Charterhouse Development and the Prudential Corporation.

Terry Garrett looks at the risks and rewards faced by the providers of two finance packages

Happy but cash hungry

NO MATTER how glamorous the presentation, or how confident the business projection plan, when an institution stacks up £600,000 behind a company with minimal assets, a trading record that has not reached its first birthday and operating in a market of rapidly shifting technology demanding expensive product development, then that is venture capital in its truest sense.

When Industrial and Commercial Finance Corporation put together a finance package for Croydon-based Symbiotic less than two years ago that is exactly the sort of proposition it faced. ICFC's money was undoubtedly at risk despite all its usual efforts to evaluate the company, its products and its potential market. Yet the willingness to take that risk has been well rewarded. Symbiotics growth has outpaced expectations and already the company's executives are discussing further capital to finance the next stage of its growth that, *it is hoped, will* culminate in a USM debut within two years.

The company was started early in 1982 by Rodney Cox and Wayne Sayers as a basic Apple micro-computer dealer sharing a retail outlet with a photo-copier shop. It was a comfortable little business but the founders—who had been joined by David Aselford, a young man "born with a Texas Instruments computer in his hand who had just wandered into the shop"—realised that they needed something more to set them apart from the million and one other Apple dealers.

Originally the trio toyed with a product that would allow Apples to access IBM mainframes. But after three months of development it was dropped because a competitor had beaten them to it. So they then turned their attention to Winchester discs. Winchesters had been used for years as memory bases for mainframe and mini computers but micros were still largely orientated towards floppy discs with their limited memory capabilities.

Fortunately about that time micros were taking a much higher profile in the business user market and Symbiotic's product, which simply plugged into an Apple and multiplied the memory capabilities 250-fold, was launched just at the right time.

The young company was fairly swamped with orders. From next to nothing turnover of the Winchester disc product shot to over £80,000 a month by the end of '82. *Each unit was* then priced around £1,900. The soaring growth had largely been financed through bank

Symbiotic

overdraft and supplier credit but it was clear that if the company was going to move ahead it needed a more stable capital base and a considerable shot of fresh equity.

The company approached ICFC at the beginning of 1983. The ICFC team, headed by Chris Masterson, crawled over the company, decided it was going places and invested £600,000. This comprised of a package of £300,000 equity money, giving ICFC a 35 per cent stake in the business and an 11-year loan of £300,000. A bank overdraft of £150,000 was also negotiated. Though he had not realised it at the time, one year later Chris Masterson was to join the company's management team.

The cash injection was to refine the Winchester disc development, give a little more elbow room to working capital and, most important, to allow Symbiotic to develop its next product—local area networking. This enables up to 120 micro computers in one office to be linked into a larger storage device.

The company was one of the first to introduce fibre optics into local network systems to *eliminate electrical* interference from other office equipment. This helped keep it in the forefront of technology. The system was also adopted for the education market, linking BBC's school micros. In 1983 turnover had risen to £1.4m.

So far around 2,500 Winchester disc units, Symbfile, *have* been sold and over 600 local networks, Symbnet, have been installed. There are also peripheral products such as Symbstore for regular archiving of information or security copying.

Turnover in the current year should rise to £2½m and Symbiotic is looking for its next major product development. This will be to push the local *networks into regional* network systems using modem technology to link a local system to the outside world by telephone lines. But product development is cash hungry, and if the company wants to finance the rapid expansion of its existing range—turnover in 1985 is expected to top £4m—and develop fresh products more money has to be found.

So once again *Symbiotic* is looking for equity capital. The directors are talking to several venture capital groups though it seems unlikely that ICFC would wish to participate in another round of finance, given its existing 35 per cent equity holding.

This time it will be fresh faces that will put up the £600,000 package Symbiotic is looking for, though this is now development money and the risk looks nowhere near as great as that taken by the original backers.

Heading towards goal

THE PROTOTYPE works. A small team of electrical engineers headed by Brian Atherton and the fund managers of Granville Venture Capital have an excuse for a modest celebration. If all goes well production will start next year of a fully automated machine that could significantly improve production techniques of printed circuit board assemblies. It is early days but AMbotech is on its way towards its goal of an electronics research and development design house with a listing for its shares.

AMbotech is the brain-child of Brian Atherton and his Japanese wife, Noko. He cut his electronics engineering teeth with Vickers during the 50s and early 60s before moving on to spend three years in the Poole research laboratory of Plessey Automation.

With ex-Plessey colleagues he was a founding member of Quest Automation in 1968 but the company had the misfortune to be part of the loan portfolios of banks that went down in the 1974 banking crisis and before Quest came to the stock market Brian Atherton had departed "a disillusioned but wiser businessman."

The desire for a fresh start took him to Japan where he and his wife established a local marketing and market research company primarily serving British companies. Most of the work was on an ad-hoc basis for major groups such as Ferranti.

It was during the four years the husband and wife team spent scrutinising the Japanese electronics industry at first hand that they took the decision to return to the UK and go it alone with a product in the field of factory automation for the electronics industry.

They did not, however, return to the UK with any preconceived ideas of what exactly their product would be. The Athertons saw 20 British electronics groups to discuss their problems and experiences. The culmination of that research was a three

AMbotech

inch "book" setting out the difficulties these companies were facing and what they would look for in a machine that could further automate their production lines.

From that document the Athertons synthesised basic specifications for a production machine that could tackle the most common problems in printed circuit board assembly. Old colleagues from days at Plessey and Quest were approached to see if the rough design could be turned into a product and at what cost. The result was a positive technical and feasibility study and a business projection plan. The next and crucial step was to find financial backing.

After several blind alleys the couple tried Granville. The upshot was a £210,000 equity capital investment last November giving the venture fund 25 per cent of the capital. The Athertons put in another £40,000 on top of the time, effort and money already spent by them on the project and the other members of the new team subscribed a further £30,000. With the additional backing of a £75,000 grant from the Department of Trade and Industry, AMbotech had sufficient investment to turn the technical drawings into a product—which could crudely be described as an automated method of fitting components to printed circuit boards.

From that point it was up to the four old colleagues, all working from home and linked by micro-computers, to turn out the prototype. Space was sublet in a light engineering factory and by early autumn this year the group had a machine that worked well enough to consider pre-production manufacture for field trials.

Part of the initial deal with Granville had catered for this moment. It was clear from the beginning that a second stage financing would be needed if the prototype was successful. Granville, in equal partnership with British Linen Bank, has injected another £1m of cash. This leaves the Athertons and the original team with 40 per cent of the equity, Granville with 47 per cent and British Linen with the balance.

AMbotech is now in the position to build four pre-production machines which should be in place next April and March with electronic groups that will conduct field trials

How to bridge the great divide

Corporate venturing

IAN HAMILTON FAZEY

SUSAN LLOYD of Venture Economics has this explanation for why things are stirring so slowly on the UK corporate venturing front: "In large corporations strategic decisions are just not taken quickly. The whole process is so slow. Interest is developing but it is going to take time."

The contrast with, say, decision-making by pension funds is stark: there, managers are well used to evaluating investment proposals rapidly. Return on investment is the major criterion and the experienced fund manager will quickly have a feel for any company's prospects.

For corporations, however, there are many more reasons for becoming venture capitalists than making money. Corporate venturing has to be an inextricable part of corporate strategy, while for pension funds, whether to put money into a particular company or project is essentially a tactical matter.

There may even be confusion about what is meant by corporate venturing in the first place, and there is certainly some about the best way to go about it. In corporate venturing, a company or corporation, usually large, takes minority equity stakes in other companies that are usually small, entrepreneurial, and heavily involved in new technology.

What the emergent company makes, or is trying to develop, will usually have some compatibility with the corporate venturer's present or intended activities. The corporate venturer may view an investment as part of its research and development programme. It may see corporate venturing as the first step towards acquisition of new subsidiaries, technology or products. It will certainly want to make money on its investment.

There are three ways to join in: the corporation can search for likely companies and invest directly; it can set up a venture capital fund of its own and appoint its own people to manage it; or it can invest in independently managed funds, using their experts to find and assess likely prospects.

These are the options that have emerged in the U.S., where large corporations have been steadily increasing their commitment to corporate venturing during the last few years. The whole process has highlighted what may be an unbridgeable divide between big business and small business, with professional venture capital fund managers well placed in the middle to observe both sides.

Many corporations have appeared ponderable, slow-moving, conservative and yet still wanting quick results. The small companies they invest in have appeared to be the opposite. They often have an ability to live with the longer timetables needed to develop new technology, while not worrying about it.

Conflict is almost inevitable and this is a principal reason why professional fund managers advise against two do-it-yourself approaches to corporate venturing—direct investment or setting up your own fund. Self-interest on the part of fund is another reason.

The fact is that large corporations do not rest easily with small companies. Research directors develop what has become known as a "not invented here" syndrome and *try to kill promising projects.* Entrepreneurial attitudes grate with those of corporate planners. Each side dismays the other over the speed of decision-making.

Promising trends in the U.S. have seen corporations using corporate venturing not so much for acquisition but as a means of securing manufacturing or marketing rights to new technology and products. Such mechanisms have traded on the natural strengths of the small company to break new ground and the complementary strengths of the corporations in managing mass production and sales.

Apart from proving a valuable tool for corporate evolution and development, these mechanisms also overcome the major problem rising from full acquisitions —how to motivate entrepreneurs when their companies have been acquired. Many take the money and leave to start something else or live an easy life. The corporation finds itself with a new subsidiary lacking its former driving force.

Corporate venturing has therefore led to fundamental changes in management thinking in the U.S., with nearly every major corporation in most economically important industrial sectors now putting money into some managed fund or another for onward investment in appropriate, emergent companies.

This has seen large corporations and small companies learning to live with the notion of shared equity.

The benefits of mutual self-interest seem to be breaking these attitudes down. How long will it be before British corporations start behaving similarly? Some are already involved — in the U.S. — but the attendance list at a recent conference on the subject run by Arthur Andersen, the accountants, and Venture Economics, the information specialists in the field, suggests that board papers are probably being written now for directors to consider the implications.

Slowdown but City enthusiasm remains

Management buy-outs

TIM DICKSON

IN PUBLICITY terms at any rate 1984 has been a good year for management buy out.

Following the first-ever flotation of a bought out company in the autumn of 1983 — the computer maintenance group DPCE — several others have achieved a Stock Exchange listing in the last 12 months.

Sarasota Technology, bought off Redland a couple of years ago for £5.4m, carried a price tag of more than £23m, when dealings started earlier this year (though the price has since slipped). Stone International, the former electrical enginering division of Stone-Platt, came to the market in a blaze of glory in September; and Wardle Storeys, the old Bernard Wardle backed by Hill Samuel and Electra in a £5m buy out from Graham Ferguson Lacey's NCC in 1982, reappeared in the public gaze earlier this month with a capitalisation four greater at just over £20m.

Sarasota, Stone and Wardle Storeys are, of course, exceptional, but their success will have encouraged the many management teams in the UK which continue to dream of controlling their own businesses.

Management buy outs — the name is recent, the phenomenon is not — began to capture the imagination from 1980 as the recession put pressure on large chunks of British industry and forced major companies to divest their more peripheral activities.

Managers in some cases saw an opportunity to secure their independence and, freed from the burden of head office overheads, a chance to run their businesses more efficiently and more profitably.

The signs are, however, that the spectacular increase in "buy out" activity of the last few years has now levelled out, or even fallen away.

Says Roger Brooke, chief executive of buy out specialist Candover Investments, "We have only done a couple of 'classic' management buy outs this year, though we have also backed a couple of management teams hoping to repeat in a new company what they have done successfully as employees."

The Financial Times publication Mergers and Acquisitions for 1983, meanwhile, lists almost 80 management buy outs recorded in the FT in that 12-month period; with only two months of the current year to go the FT has recorded just over 50 management buy outs.

County Bank, an avowed buy out enthusiast, has completed four deals worth £2m this year, compared with ten worth £5m in 1983, and ICFC which does more individual buy outs than anybody else, also reports a significant drop.

This picture is confirmed by Mike Wright and John Coyne of the University of Nottingham. They, nevertheless point out that more unpublicised deals are being done through the clearing banks, through local enterprise boards, Business Expansion Scheme funds and local authority industrial development divisions.

Management buy outs are very much here to stay, though in future they are more likely to be seen as one of a range of options for major companies and management teams.

Enthusiasm in the City of London is still widespread, a point confirmed by a new survey of over 100 financial institutions in this year's Special Report by the Economist Intelligence Unit (EIU). More than 40 responses were received, displaying keener interest in this form of financing than ever before.

Another trend picked up by Wright and Coyne is traditional institutions' preference for the bigger deals and the interest which has been generated in Continental Europe. Paribas and Banque Nationale de Paris, for example, have both set up management buy out subsidiaries.

The advantage for investors is that, if all goes well, a remarkably quick turnaround can be achieved. Assets bought at a discount can be made to perform by the right management team and, freed from often expensive group overheads, a loss-maker can quickly show healthy profits.

This formula has proved an attractive proposition for a venture capital fund eager to show quick performance. There are, of course pitfalls — high debt to equity ratios, the illusion of stock profits and management inexperience or gaps — but while growth may be less exciting than that of some start ups, the casualty rate is obviously a good deal lower. ICFC puts it at one in seven, compared with one in three for new companies.

With the growing maturity of the buy out phenomenon, an increasing number of deals these days are being negotiated from a position of strength.

This means that management teams are paying a fancier price for their independence than they would have done three years ago.

"West Midlands engineering assets sold at a 45 per cent discount in 1981 are in some cases going for a 5 to 10 per cent premium these days," says Mr Coyne of Nottingham University.

Venture Capital 6

Profile: Lionel Anthony

Putting a foot in both camps

By Tim Dickson

Lionel Antony director of Causeway Capital.

LIONEL ANTHONY is best known from his days at the National Coal Board, where he worked for 22 years and where he was deputy director-general of the NCB pension funds responsible for direct industrial investment. From 1977 as managing director of CIN Industrial Investments and other companies set up for special investment purposes, he was responsible for £200m invested in, *inter alia*, 120 unquoted UK companies.

Anthony set up Causeway Capital in November last year with Mr David Secker Walker after a brief and embarrassing interlude with Cayzer Gartmore. (Having tempted Anthony away from the NCB, Cayzer Gartmore's parent British and Commonwealth Shipping changed its venture capital plans).

Causeway has the unusual distinction of having recently raised around £11m from various pension funds and a further £1.65m from individuals for a *Business Expansion Scheme (BES) fund*. Few management groups have tapped both markets.

Anthony's partner Secker Walker was a director of N. M. Rothschild for 11 years—he was ultimately vice-chairman—and for seven years was a director of a U.S. venture capital fund managed by a Rothschild associate company in New York. He was managing director of Cayzer Gartmore from September 1981 until his resignation last year.

Continental Europe makes up for lost time, reports **Charles Batchelor**

Taking a decentralised approach

Continental Europe has for a long time lagged behind Britain and the U.S. in the venture capital field but there are now signs that governments, investors and businessmen in search of funds are realising the potential of this form of capital.

The European Commission has encouraged the establishment of the European Venture Capital Association (EVCA) to promote venture capitalism and ensure a smooth flow of information on *developments in the sector*.

Meanwhile ten leading European industrial companies, including such names as Volvo, Fiat, St Gobain, Philips and Bosch, are setting up a trans-European venture capital organisation, known as Euroventures, with a target capital base of $100m.

Euroventures, which is based in Amsterdam, was the idea of the 20-strong Round Table of European Industrialists, comprising the chairmen and presidents of major companies. It intends to set up satellite funds in a number of European countries to be funded on a three-way basis by Euroventures itself, a local corporate backer and by banks and other financial institutions.

This decentralised approach will, it is hoped, avoid the difficulties which killed two previous attempts to set up pan - European schemes—European Enterprise Development and Scienta. Euroventures plans to start work in January 1985 and its board and chief executive are to be appointed in a few weeks.

Venture capitalists in Europe face the same barriers as many other business enterprises—a fragmented market with differing national regulations, tax climates and business cultures. EVCA, based in Brussels, is to help provide advice to the European Commission on directives intended to harmonise the rules governing venture capital schemes.

Mr Robert Ceurvorst, EVCA's secretary-general, discerns a growing interest on the part of venture capitalists in Europe to invest in the area. Previously many looked to the U.S. as a target for their funds.

EVCA's 40 or so full members had nearly 2bn Ecus (£1.2bn) worth of funds available at the end of 1983, of which about half had already been invested in more than 3,000 companies.

The path to a uniform European environment for venture capitalists is unlikely to be a smooth one however. Already plans for a 100m Ecus (£60m) European Innovation Loan, intended to contain a number of proposals to make life easier for the borrower, have run into difficulties. Resistance to the idea from Britain and Germany has delayed implementation of the scheme.

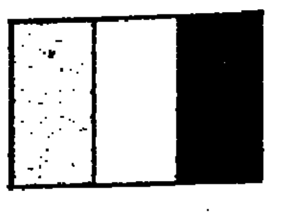
At the national level new venture capital funds are being established and countries such as Germany, France and The Netherlands are beginning to reduce the lead built up by the UK, Sweden and the U.S.

A growing awareness of the opportunities provided by equity capital has led to increased interest throughout Europe in second and even third tier stock markets. These less formal offspring of the main stock markets offer a handy means for entrepreneurs and investors to realise part of their capital gain.

The lower level of regulation means these markets provide a quicker and cheaper exit route though they have yet to be tested by a bear market.

The idea of a European Unlisted Securities Market traded in Ecus and based in, say, Luxembourg, has been mooted. But the pull of established markets may prove too strong. Two Dutch companies have recently obtained a listing in London—one on the USM and the other on one of the two competing over-the-counter markets.

Small businesses back in favour



France

PAUL BETTS

VENTURE CAPITAL has become one of the buzz phrases of French industrial policy. The Socialist government has now firmly set its sights on encouraging the development of new small and medium-sized industries, especially in high-technology sectors.

This is a departure from the original policy of the Socialists when they came to power three years ago. At first, the main emphasis of industrial policy was on nationalisation of the country's large industrial groups which were to act as locomotives for the rest of industry. However, in the last two years, there has been a marked shift towards the small and medium-sized business sector.

In the past six months various packages of measures to help accelerate the creation of small businesses in France and promote the concept of venture capital have been announced by the government. The measures to help accelerate the creation of small businesses in France and promote the concept of venture capital has been announced by the government. The measures range from fiscal incentives for new businesses, streamlining and shortening of considerable red tape, to new soft loans for potential entrepreneurs.

M Jacques Delors, the former French Economy Minister who stepped down this summer to become (from January) the new president of the European Commission, emphasised earlier this year that one of the weaknesses of France's industrial system is the lack of adequate links between the university world, research and enterprises compared with the associations forged by many of France's main trading partners.

The government has thus sought to create "bridges" between academic institutions and the business world. It has also encouraged the setting up of so-called technopolis campus where businesses are linked with research institutions.

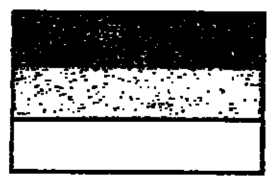
Indeed, some major French higher university institutions, like the Ecole des Mines of Paris, have set up organisations to market their research activities. M Pierre Laffitte, director of the Paris Ecole des Mines, is also the founder of the large science park near Antibes in the south of France called Sophia Antipolis.

Some of France's large industrial groups have also been active in venture capital operations. Among these is the Elf-Aquitaine state-controlled oil group which has invested in venture capital both in France and abroad. Both the Renault and Peugeot car groups have also shown interest in high-technology ventures with applications in the motor industry.

The French nationalised banking system for its part has been answering the government's call for greater support of venture capital. Many banks have been investing in venture capital both in France and internationally.

For example, the large Suez nationalised banking group has just set up a new venture capital subsidiary called Suez Promotion whose aim is to take minority shareholdings in small and medium-sized enterprises being set up. Suez this year also set up a venture capital operation with the French Industrial Development Institute.

Right atmosphere for growth



West Germany

JONATHAN CARR

THE West German venture capital scene has been transformed beyond all recognition in the last year or two. Coming almost from nothing, there are now around 30 venture capital outfits with an estimated DM 700m of investment funds available for young entrepreneurs — above all in the high technology field.

That is the good news — but it has to be slightly qualified. Of that DM 700m available only a very small share — experts estimate a maximum 10 per cent — has actually been invested. Of the hundreds of schemes put before the venture capital companies, the vast majority end up in the waste paper basket.

There is plenty of "capital" available and a lot of "venture" on display. What is lacking is experience and management skills.

That is not surprising. For a long time there have been weighty reasons of company structure and business psychology in Germany which have told against the rise of a thriving venture capital market.

For example, roughly three-quarters of registered German companies are family-owned; most hated the idea of "going public" with a stock market listing and financed themselves mainly with bank loans, not equity capital.

The recession at the start of the 1980s, with its fatal combination for many under-capitalised companies of business downturn *and* high interest rates, showed the danger of that approach.

There is now a far greater awareness of the need for injections of capital rather than credit—both for existing small and medium sized businesses and for entrepreneurs trying to start up their businesses.

Hence the increase in the number of new stock market entrants (11 last year and around 20 this year) and the mushrooming of venture capital outfits.

Hand in hand with that development has gone a very gradual change in the "security at all costs" mentality among young Germans—and their potential suppliers of finance. In the post-war decades it was far from common for, say, a young scientist or engineer to throw up a secure job in a major German company to strike out on his own.

He could not rely on the banks to support him—and the social stigma attached to failure would be high (much higher, for example, than in the U.S. where individual initiative in itself counts for a lot).

Little by little a somewhat more daring attitude is emerging, encouraged by the change to a centre-right government in Bonn in 1982 after 13 years of centre-left rule. Major banks, which long argued that "risk" enterprises were not suitable investments for customer funds, are now supporting several of the new venture capital outfits.

Big companies are becoming more tolerant of personnel "spin-off" (for example, Siemens which has helped one of its former research teams to set up on its own with the aid of venture capital funds). Even the ultra-conservative insurance companies have gingerly put a toe into the venture capital waters.

Needed now is more expert guidance at all stages of the venture process; for the budding entrepreneurs with good ideas but no experience in drawing up a viable business project; for those who have just begun their own companies but still lack key management skills, for example in sales and marketing; and for those in successful operation for a few years who are considering going to the stock market.

The venture capital seeds have been planted and the atmosphere is about right. But the garden needs a lot of tending.

More cautious view is being taken

Sweden

DAVID BROWN

SWEDEN'S RELATIVELY young venture capital market is in the midst of a transition, as the heady days of optimism give way to a period of more experienced caution.

It was not until 1982 that the market took off among private investors. It had its roots in the late 1970s, with the formation of three Government-owned regional development companies acting as minority partners in small start-up ventures.

Then, changes in wealth and double taxation rules, as well as new incentives for the fledgling Over-The-Counter market, instituted by the previons non-Socialist Government, helped spur a new market. It now involves some 50 companies with a total capitalisation of some SKr 1.4bn ($175m) according to a study by Prof Christer Olofsson of the Linkeping University Management and Economics Department for the Swedish National Industrial Board.

Of these, some 30 are regionally based concerns which tend to take majority holdings in small-to-medium-sized companies. About 20 are nationally based firms, owned by insurance companies, pension funds, investment groups and to a much lesser extent industrial firms, and working with about SKr 800m in mainly minority holdings.

The biggest area of investment has been high technology ventures (accounting for about 40 per cent of the total placements by the larger nationally based companies), according to Dr Olofsson.

"Two years ago, there was a tendency to go right into start-up companies — two-thirds of which were less than five years old. Now we've seen some big bankrupticies and people are starting to have a much better idea of the risks and demands on management," says Dr Olofsson.

Mr Krister Ahs, who is managing director of Vencap, says: "What we're starting to see is more consortiums, with two or three venture capital companies going into a single investment."

Mr Ahs, who is in the middle of a fund-raising exercise, states that: "A year ago, when the market was at its peak, it would have been much easier to raise SKr 50m. On the other hand, investors today are more aware of what they're getting into."

Profile: Geoff Taylor

Following "hands on" policy

By Tim Dickson

Geoff Taylor head of 3i Ventures.

Geoff Taylor came back to Britain in 1980 after 16 years in the U.S. to head up the division at Investors in Industry (3i) now known as 3i Ventures. Whereas ICFC tends to be a "passive" investor in the companies it backs, 3i Ventures prefers to adopt the American "hands on" approach and specialises in high growth companies in areas of high technology.

An Oxford engineering graduate, Taylor joined English Electric Aviation in 1959 where he went on to sell guided weapon systems from the company's marketing department. In 1964 he was transferred to the Los Angeles associate of his then employer Ampex UK and in the same year joined another LA company Data Products Inc.

Between 1966 and 1974 he held posts with Electric Memories and Magnets Inc and Vector General Inc in between helping co-found a computer products supplier called Pertec.

In 1974 he re-joined Data Products where he remained until 1980.

The two best-known companies in 3i Ventures' portfolio are LSI Logic, the U.S. semiconductor business, and Rodime, the disc drives manufacturer in Scotland which Taylor played a key part in setting up. At the end of March this year the division had a total of 32 investments, 18 in the UK and the balance in the U.S.

"Our aim is to emphasise our UK investments programme," says Taylor. "But it is noticeable that we are finding more opportunities for our type of investment in the U.S. than in the UK."

3i Ventures has now opened an office in California to monitor West Coast investments and look for new opportunities.

Venture Capital 8

Profile: Michael Stoddart

Michael Stoddart, chief executive of Electron Investment Trust and chairman of Electra Risk Capital.

Lifting the unquoted portfolio

By Tim Dickson

MICHAEL Stoddart, chief executive of Electra Investment Trust (EIT), knows more about high risk than most people in the City of London.

Although EIT's policy of paying generous dividends to shareholders has prevented its entry into the "early stage, high tech" venture capital business directly, Stoddart over the last 10 years has built up its unquoted portfolio from next to nothing to more than 50 per cent.

He helped the management buy-out movement get off the ground as one of the founding institutional shareholders of Roger Brooke's Candover Investments, has formed links with U.S. venture capital groups, and has been prepared to back films and oil exploration when such activities were far from fashionable.

More recently Electra was among the earliest pioneers of the Government's Business Start Up Scheme (BSUS) and Business Expansion Scheme. He admits that he and his team have learnt much from the experience of the £8.7m Electra Risk Capital 1 which under the BSUS rules was restricted to investments in companies under five years old.

MAJOR SOURCES FOR VENTURE CAPITAL IN THE UK

Funds manager	Funds which will be invested: Min £'000s	Max £'000s	The managers will consider providing funds for: Start-up	Dvlpments	Replacements	Mngmt buy-outs	Rescues	In the form of: Equity	Loan	Seat	Term of funding	Telephone number
Aberdeen Fund Managers	20	300	*	*	*	*	†	*	†	‖	Medium/long	0224 631999
Abingworth plc	100	1,000	*	*	*	*	*	*	*	¶	Flexible	01-839 6745
Advent	100	1,500	*	*	‡	*	‡	*	*	*	Flexible	01-630 9811
Alan Patricof Associates	100	3,000	*	*	*	*	*	*	§	*	5 years	01-493 3633
Allied Irish Investment Company	0	1,000	†	*	*	*	†	*	*	¶	Flexible	01-920 9155
Alta Berkeley Associates	50	2,500	*	*	‡	‡	†	*	†	*	Open	01-629 1550
Bankers Trust	250	15,000	†	*	*	*	†	†	*	‖	Flexible	01-726 4141
Barclays Development Capital	200	open	†	*	*	*	‡	*	*	*	Flexible	01-623 4321
Baring Brothers Hambrecht and Quist	0	1,000	*	‡	‡	*	‡	*	‡	‖	Up to 10 years	01-626 8132
Baronsmead Associates	250	1,500	*	*	*	*	†	*	†	*	Medium	01-638 6826
Biotechnology Investments	200	1,500	*	*	†	†	*	*	†	‖	Long	01-280 5000
Birmingham Technology	50	500	*	*	‡	*	‡	*	*	*	Up to 5 years	021 359 0981
Britannia Development Capital	100	200	*	*	*	*	†	*	†	*	Open	01-388 2777
British Linen Bank	90	500	*	*	*	*	*	*	§	‖	Long	031 226 4071
British Rail Pension Fund	200	1,000	†	*	*	*	*	*	*	¶	5-7 years	01-247 7800
British Technology Group	0	open	*	*	†	‡	‡	*	†	‖	5-7 years	01-403 6666
Brown Goldie	100	600	†	*	*	*	*	*	*	†	5 years	01-638 2575
Brown Shipley Developments	50	500	†	*	‡	*	‡	*	§	¶	Flexible	01-606 9833
Candover Investments	250	100,000	†	*	‡	*	*	*	*	¶	Medium/long	01-583 5090
Capital for Companies	35	60	‡	*	*	*	‡	*	†	¶	5 years	0532 438043
Capital Partners International	10	350	*	*	*	*	‡	*	*	‖	Flexible	01-351 3511
Capital Ventures	30	500	*	‡	‡	*	†	*	†	*	Medium	0242 584380
Castle Finance	100	1,000	‡	*	‡	‡	†	*	*	†	Flexible	0603 22200
Castleforth Fund Managers	100	250	*	*	*	*	*	*	†	‖	Medium	0315 562555
Causeway Capital	400	1,000	*	*	*	*	‡	*	*	*	Medium/long	01-631 3073
Centaur Communications	0	500	*	*	‡	†	‡	*	†	*	Flexible	01-439 1305
Charterhouse Development	100	5,000	‡	*	*	*	†	*	‡	*	As appropriate	01-248 4000
Charterhouse Japhet Venture Fund	250	1,000	*	*	†	*	†	*	†	*	3-7 years	01-409 3232
CIN Industrial Finance	200	5,000	*	*	*	*	‡	*	*	*	Medium/long	01-629 6000
Citicorp Venture Capital	250	open	*	*	*	*	‡	*	§	*	Flexible	01-438 1593
Clydesdale Bank Equity	50	open	‡	*	*	*	‡	*	*	‖	Open	041 248 7070
Colegrave Group	100	1,000	‡	†	‡	‡	†	*	†	*	Medium	01-486 4422
Commercial Bank of the Near East plc	0	1,000	*	*	*	*	‡	†	*	†	5 years	01-283 4041
Commonwealth Developmt Finance Company	0	2,000	‡	*	*	*	†	*	§	¶	5-7 years	01-407 9711
COSIRA	0	75	*	*	†	*	†	†	*	†	As appropriate	0722 336255
County Bank Development Capital	200	open	‡	*	*	*	*	*	*	¶	As appropriate	01-638 6000
Dartington and Co	25	100	‡	*	*	*	‡	*	†	*	5 years	0803 862271
Dawny Day and Co	0	50	‡	‡	‡	*	†	†	*	‖	Medium	01-588 9191
Development Capital Group	100	5,000	*	*	*	*	*	*	*	*	5-8 years	01-486 5021
East Anglian Securities Trust	0	75	†	*	*	*	*	*	*	‖	Flexible	0603 660931
Electra Investment Trust plc	500	3,000	‡	*	*	*	*	*	§	‡	Flexible	01-836 7766
Electra Risk Capital plc	100	400	*	*	†	*	*	*	†	*	5 years+	01-836 7766
Energy Finance and General Trust	20	open	*	*	*	*	*	*	*	*	Long	01-606 2167
Equity Capital for Industry	100	1,000	*	*	*	*	*	*	*	¶	Flexible	01-606 1000
ET Trust	50	350	‡	*	*	*	†	*	*	‖	5-7 years	0625 532535
European Investment Bank	12	open	‡	*	†	‡	†	†	*	†	5-20 years	01-839 3351
F and C Enterprise Trust plc	250	1,000	*	*	‡	*	‡	*	*	‖	5 years	01-623 4680
First Welsh General Investment Trust	0	50	*	*	†	*	†	*	*	†	10 years	0222 396131
Gartmore Investment Management	150	10,000	*	*	*	*	‡	*	*	*	Flexible	01-623 1212
Granville and Co	50	500	*	*	*	*	*	*	§	*	Long	01-621 1212
Greater London Enterprise Board	0	1,000	*	*	†	*	*	*	*	‖	Flexible	01-403 0300
Gresham Trust plc	50	750	*	*	*	*	‡	*	§	*	Flexible	01-606 6474
Grosvenor Development Capital	200	750	†	*	‡	*	†	*	§	¶	5-7 years	0753 32623
Guidehouse	300	9,000	*	*	*	*	*	*	§	¶	Flexible	01-606 6321
Guiness Mahon Venture Capital	50	open	‡	*	*	*	‡	*	§	*	Long	01-623 9333
Hambros Bank	100	500	*	*	‡	*	‡	*	§	*	3-7 years	01-588 2851
Hill Samuel and Co	100	750	†	*	*	*	†	*	*	*	5 years	01-628 8011
Hoare Candover	100	750	†	*	‡	*	‡	*	§	‖	Flexible	01-404 0344
Hoare Octagon	30	250	*	*	†	*	*	*	†	*	5-10 years	01-408 0828
Hodgson Martin Ventures	50	150	*	*	‡	*	*	*	†	¶	5 years	031 557 3560
Innotech	125	500	‡	*	‡	*	‡	*	§	*	Flexible	01-834 2492
Innvotec	50	open	*	*	‡	*	‡	*	§	¶	Flexible	01-245 1977
Intex Executives (UK)	0	1,000	*	*	‡	*	‡	*	*	‖	Flexible	01-831 6925
Investors in Industry	0	2,000	*	*	*	*	*	*	*	¶	5-10 years	01-928 7822
J. Henry Schroder Wagg and Co	0	open	*	*	‡	*	‡	*	†	†	Flexible	01-382 6000
James Finlay Corporation	50	500	†	†	†	*	†	*	*	*	Medium/long	041 204 1321
Kleinwort Benson Development Capital	100	open	*	*	*	*	‡	*	*	*	Flexible	01-623 8000
Larpent Newton and Co	50	7,000	*	*	*	*	*	*	*	*	As appropriate	01-831 9991
Lazard Brothers and Co	300	open	*	*	†	†	†	*	†	‖	Medium	01-588 2721
Leasure Developments	250	5,000	‡	‡	*	*	*	*	§	*	Medium	075 384 0181
LEDU—Small Business Agency N. Ireland	3	450	*	*	†	*	*	*	*	‖	5 years	0232 691031
Leopold Joseph and Sons	0	open	‡	*	*	*	‡	*	*	‖	Open	01-588 2323
Manufacturers Hanover	100	250	‡	*	*	*	‡	*	*	¶	5 years	01-600 4585
Mathercourt Securities	25	4,000	*	*	*	*	‡	*	†	¶	Flexible	01-831 9001
Mercia Venture Capital	25	250	*	*	†	*	*	*	†	*	Medium	021 233 3404
Merseyside Enterprise Board	50	250	‡	*	‡	*	‡	*	*	‖	5-7 years	051 236 0221
Midland and Northern	100	300	*	*	†	*	‡	*	†	*	5 years	021 643 3941
Midland Bank Equity Group	5	2,000	‡	*	*	*	‡	*	§	¶	Flexible	01-638 8861
Minster Trust	100	200	‡	*	†	*	*	*	†	*	5 years	01-623 1050
Montagu Investment Management	200	3,000	‡	†	‡	*	†	*	§	‖	3-5 years	01-626 3434
Morris, Stewart-Brown and Co	150	open	*	*	*	*	*	*	§	‖	Flexible	01-248 2894
MTI Managers	100	1,000	*	*	†	*	*	*	†	*	To 1992	0923 50244
Murray Johnstone	25	2,500	†	*	‡	*	‡	*	*	‖	Medium	0412 215521
National and Commercial Glynns	100	open	‡	†	*	*	‡	*	*	‖	Flexible	0315 562555
Newmarket Venture Capital	300	1,000	*	*	†	†	†	*	§	‖	3-10 years	01-638 4551
Noble Grossart Investments	100	1,000	*	*	*	*	*	*	§	*	Flexible	031 226 7011
Northern Ireland Venture Capital	50	500	*	*	*	*	*	*	†	*	Medium	0232 755777
Oakland Management Holdings	100	500	‡	*	‡	*	*	*	§	*	To 7 years	0488 83555
PA Developments	200	1,000	†	*	*	*	†	*	*	*	Medium/long	01-235 6060
Parsons Venture Capital Fund	50	100	*	*	‡	‡	‡	*	†	‖	5 years	041 332 8791
Pegasus Holdings	1	open	†	*	*	*	†	*	§	‖	Flexible	01-626 1500
Plant Resources	250	open	*	*	*	*	*	*	†	*	Min 5-7 years	0223 322114
Prutec	100	2,000	*	*	‡	†	‡	*	*	*	Flexible	01-828 2082
Pruventure	200	3,000	*	*	*	*	‡	*	§	*	Flexible	01-404 5611
Quayle Munro	50	1,000	†	*	*	*	‡	*	*	*	5 years	031 226 4421
Quester Capital Management	0	500	*	*	*	*	*	*	†	*	Medium/long	01-600 4177
Rainford Venture Capital	50	250	*	*	*	*	†	*	*	*	Loans 3-4 years	0744 37227
Ravendale Group	25	1,000	*	*	‡	*	‡	*	†	*	Long term	01-629 5983
Rothschild Ventures	100	1,000	*	*	*	*	*	*	§	¶	Medium	01-280 5000
Sabrelance	30	250	*	*	*	*	†	*	†	¶	5 years	01-493 3599
Safeguard Industrial Investments	50	1,000	‡	*	‡	*	†	*	*	*	3-5 years	01-283 2241
Sapling Enterprise (Merseyside)	0	100	*	*	*	*	†	*	§	†	3-8 years	051 227 1366
Scottish Development Agency	0	1,000	*	*	†	*	*	*	*	*	Long term	041 248 2700
Seedcorn Capital	10	40	*	†	†	†	*	*	†	*	Long	0272 272250
Singer and Friedlander	150	300	†	*	†	*	†	*	†	*	As appropriate	0532 438073
Smithdown Investments	10	50	*	*	*	*	*	†	‡	‖	Open	0927 85199
South Glamorgan Investments	0	50	*	*	†	*	†	*	*	†	10 years	0222 396131
St James Venture Capital Fund	150	500	*	†	‡	*	‡	*	§	*	Medium	01-493 8111
Statham Duff Stoop	50	300	*	*	*	*	‡	*	†	*	5 years	01-628 5070
Stewart Fund Managers	60	500	‡	*	*	*	‡	*	†	‖	Flexible	031 226 3271
SUMIT	300	700	†	*	*	*	*	*	*	*	Long term	021 236 5801
Thamesdale Investment and Finance Company	50	1,500	*	*	*	*	*	*	*	‖	Medium	01 989 1419
The St Helens BES Syndicate	20	50	*	*	‡	*	*	*	†	*	5 years	0744 692578
Thompson Clive and Partners	0	500	*	*	*	*	*	*	*	¶	Open	01-491 4809
Trust of Property Shares plc	25	350	*	*	‡	‡	†	*	†	*	Open	01-486 4684
Ulster Venture Capital	30	100	*	*	†	†	†	*	†	*	As appropriate	0232 228490
Venture Founders	100	500	*	‡	†	‡	‡	*	§	*	Flexible	0295 65881
Venture Link (Holdings)	250	open	*	*	‡	‡	†	*	§	*	3-7 years	01-236 6891
Warburg (S. G.) and Co.	50	2,000	*	*	*	*	*	*	§	‖	Open	01-280 2880
Water Authority Superannuation Fund	200	400	*	*	‡	*	‡	*	*	‖	Medium	01-222 8111
Welsh Development Agency	10	200	*	*	†	*	†	*	§	*	7 years	0222 32955
West Midlands Enterprise Board	100	750	‡	*	‡	*	‡	*	*	*	Long	021 236 8855
West Yorkshire Enterprise Board	10	500	*	*	*	*	*	*	*	¶	Medium	0924 371205

Signs indicate reaction of managers as follows: * Yes, † No, ‡ Possible, § Only with equity, ¶ Usual, ‖ As appropriate. Additionally, in the columns marked ! The Managers will consider providing capital in the form of equity or loan, as indicated, ‡ A seat on the board will be requested by the managers as indicated.

Source: Peat, Marwick, Mitchell and Co; Venture Economics.